Australian Productivity Commission Inquiry into IP Arrangements

Submission in Response to Draft Report, 3 June 2016

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INTRODUCTION

This Submission responds to the Draft Report in the Inquiry into IP Arrangements published 29 April 2016 ('Draft Report'). In broad terms, we:

1. Support many of the goals of, and recommendations of, the Productivity Commission expressed in the Draft Report;
2. Are concerned that some recommendations may not achieve the overall goals of the Commission, or reflect misunderstandings of the statutory framework.

Individually and collectively we have extensive experience teaching and researching in intellectual property law over many years, across all of the major IP systems. Some of us have participated in past reviews on which the Draft Report builds and many of us have spent time working in legal practice or acting as consultants. In addition, we are also authors of original copyright works and users of copyright materials in the course of teaching, research and publication. This Submission draws on our significant experience with, and published work on, various aspects of Australian and international IP law. This response is structured by topic area, and around the recommendations and requests for information in the Draft Report.
COPYRIGHT

**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 agree with this finding. The comments made by the Productivity Commission apply not only to the creation of new rights (for example, the communication to the public right and, especially, performers’ rights and ‘paracopyright’ rights which were introduced (or expanded significantly) as a result of the Australia-United States Free Trade Agreement\(^1\)) but also the extension of existing provisions of the Copyright Act 1968 (Cth). This includes, for example, the extension of the duration of protection for published works and subject matter other than works in 2005. In 2000 the Review of Intellectual Property Legislation under the Competition Principles Agreement recommended that no changes be made to the duration of copyright in Australia, a position that the government adopted in its response to the review. Yet, four years later, the term of copyright was extended under the AUSFTA. No equivalent user rights were introduced to offset the public cost of this extension, such as the creation of a ‘fair use’ provision, as exists in the United States. Additional exceptions were introduced in 2006, but did not provide any substantial protection for user interests: they only served to permit practices already occurring in the community, and are, moreover, now out of date (for example, ss 111 and 109A regarding time and format shifting respectively\(^2\)) or created such a complex set of requirements that the exemption has proved unworkable in practice (for example, s 200AB\(^3\)).

The introduction and revision of technological protection measure provisions designed to be compliant with the AUSFTA pursuant to the Copyright Amendment Act 2006 (Cth) were also not accompanied by any transparent, evidence-based policy analysis demonstrating the need for these provisions (and, in fact, were drafted directly contrary to a number of recommendations of the Parliamentary Committee that did receive evidence on the appropriate shape of anti-circumvention law\(^4\)). The same Act expanded criminal liability, again with no evidence-based policy analysis demonstrating a need for that expansion. Neither expansion of copyright rights has since been reviewed to determine whether the goals stated for the 2006 Act have been achieved. These are only a few examples, but they serve to further emphasise Finding 4.1 of the Draft Report.

We do not, however, agree with all comments by the Commission regarding scope or the absence of a rationale for certain extensions of scope. In particular, whatever may be said about the economic analysis which accompanied the introduction of moral rights, we do not agree that the rationale for moral rights is ‘weak’ for the following reasons. Firstly, moral rights underpin the foundation of international copyright law dating back to the Berne Convention for the Protection of Literary and

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\(^1\) *Australia-United States Free Trade Agreement*, signed 18 May 2004, [2005] ATS 1 (entered into force 1 January 2005) (‘AUSFTA’).

\(^2\) Difficulties applying these exceptions to current technologies are discussed in Australian Law Reform Commission, *Copyright and the Digital Economy*, Report No 122 (2013) [10.8]–[10.15].

\(^3\) See ibid [12.14]–[12.15], [12.21].

Artistic Works (1886) (‘Berne Convention’). There is considerable academic work on the rationale of international copyright that should be acknowledged. Secondly, there is some work by the noted cultural economist Professor David Throsby on the moral rights of artists, including survey evidence on infringement of moral rights; there is also a respectable body of economic theory that recognises the potential economic benefits of moral rights. Correct attribution of authorship is integral both to creators’ ability to build their own reputation, and to reducing confusion and fraud regarding authorship. Thirdly, there are well-documented problems of false attribution and fraud in Indigenous arts markets. The Senate Standing Committee on Environment, Communications, Information Technology and the Arts, Parliament of Australia, Indigenous Art – Securing the Future: Australia’s Indigenous Visual Arts and Craft Sector (2007) discussed the relevance of moral rights and respect for Indigenous cultural protocols developed by the sector to redress problems that make Indigenous artists and communities especially vulnerable to exploitation. Lastly, moral rights are also important in other contexts: for example, to ensure research integrity as recognised by the Australian Code for the Responsible Conduct of Research and similar policies determining authorship and attribution administered by universities. There is a need to appreciate the interplay between moral rights and scholarly codes of conduct affecting Australian researchers funded by the NHRMRC and other bodies.

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.

We endorse the finding that as an overall proposition the present, long copyright term is unjustified. It is especially problematic in the present form where the same full exclusive rights extend to an extraordinarily wide range of materials, for the entire copyright term, and where there are limited exceptions to those rights. We do not express a view on where the optimal term lies, or whether the optimal term may differ, for example, as between different rights (such as moral vs economic rights, rights of reproduction vs rights of adaptation, etc) or different subject matters (for example, the appropriate term for software may be different from that for a work of literature).

Australia is constrained by international agreements in this area, for example both the multilateral Berne Convention and the bilateral AUSFTA. However, we commend the Productivity Commission

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for engaging in analysis on the term of copyright. It is hoped that one day such suggestions will result in a more appropriate duration of copyright protection for both works and subject matter other than works, taking into account the costs and impediments to users created by overly long protection. In the shorter term we hope that the Commission’s finding that the current term is excessively long will inform Australia’s stance in international discussions. Australia should not support any further entrenchment of the current excessive copyright terms at an international level.

We also support such a finding because the excessive length of copyright terms, and the uneven effects of their uniform duration, are also to a significant degree responsible for the need for far more flexibility in permissible uses within these (excessive) terms. The case for flexible and generous exceptions for fair use and for use of orphan works is made far stronger than it would be if copyright terms were more moderate.

One area in which copyright terms could be reduced – or, more accurately, eliminated – while staying within the constraints of international agreements is in relation to legislation, case law, and other official documents of a legal or administrative nature, where the Berne Convention allows national discretion as to whether copyright subsists. Australia is one of a relatively small group of countries which provides for ‘Crown copyright’ in such documents. The effects of this are often restrictive of competition in the provision of legal information services. They create cumbersome barriers to the use of such materials by end-users such as authors. Historical monopolies in the publication of such information under licence from government bodies and courts create significant barriers to free access and provision of competitive services in relation to such fundamental information as legislation and case law. The Copyright Law Review Committee, in its 2005 report on Crown copyright, made the following recommendation: 10

**Recommendation 4:** The Committee recommends that copyright in certain materials produced by the judicial, legislative and executive arms of government be abolished. Those materials are:

- bills, statutes, regulations, ordinances, by-laws and proclamations, and explanatory memoranda or explanatory statements relating to those materials;
- judgments, orders and awards of any court or tribunal;
- official records of parliamentary debates and reports of parliament, including reports of parliamentary committees;
- reports of commissions of inquiry, including royal commissions and ministerial and statutory inquiries; and
- other categories of material prescribed by regulation. (paragraph 9.38).

The Federal Government has never provided an official response to this Report. This area deserves further investigation by the Commission, including measures to ensure that such abolition is not frustrated by past or present contractual arrangements, licences or other monopolistic practices.

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**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 endorse this recommendation and agree that ending perpetual protection for unpublished works is long overdue. We believe that the current terms of protection should be introduced for unpublished works, but with the proviso that there needs to be careful consideration both of the impact of any changes on other provisions in the Copyright Act,\(^{11}\) and of the issues addressed by s 51 of the Copyright Act. Currently, s 51 provides for the reproduction or communication of copies of unpublished works by libraries and archives, where more than 50 years has elapsed since the calendar year of the death of the author. The supply of this reproduction, whether in hard or electronic copy, must be for the purposes of research or study. Section 51 operates to help alleviate some of the issues created by both the problem of orphan works and the limited availability of copies of unpublished literary, dramatic, musical or artistic works.

When the proposed fair use provisions are drafted, these issues will need careful consideration. This could be achieved, for example, by making it presumptively fair for a third party such as a librarian or researcher to make a copy of an unpublished work, where the object of that reproduction is to facilitate research and study.

**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 endorse this recommendation. However, it is important to recognise that the issue of geoblocking is far broader than the adoption of some form of technology that stops an Australian consumer from accessing overseas content, and thus the proposal to amend the Copyright Act ultimately only addresses part of the problem. In its Draft Report, the Commission defines the term ‘geoblocking’ as ‘a technology that restricts a consumer’s access to websites and digital goods and services to within their ‘home market’ (p 126, emphasis added). On the basis of that definition, the Report makes the following findings: ‘[g]eoblocking restricts a consumer’s access to digital products, enabling rights holders and intermediaries to segment the Internet into different markets and charge different prices (or offer different services) to consumers based on their location’ and geoblocking can be overcome by ‘consumers often us[ing] virtual private network services to mask their online location, making it appear as if they are located overseas’ (p 19).

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\(^{11}\) The concept of publication is used throughout the Copyright Act 1968 (Cth), and amendments to implement the proposal will have reverberations through the legislation – these can be readily addressed through careful drafting. Several authors of this submission dealt with this question in detail in a submission to the Department of Communications: Kimberlee Weatherall, Kathy Bowrey, Michael Handler and Isabella Alexander Submission to the Department of Communications on exposure draft of the Copyright Amendment (Disability and Other Access Measures) Bill 2016 (12 February 2016).
In contrast, the IT Pricing Report\(^\text{12}\) adopted a far broader definition of geoblocking, making it apparent that many forms of geoblocking cannot be overcome simply by adopting a VPN. In the hearings preceding the Report, Hamish McCormick, First Assistant Secretary of the Office of Trade Negotiations in the Department of Foreign Affairs and Trade (DFAT), described geoblocking as:

> the use of internet addresses, credit card numbers or other means of electronic identification to block internet sales and downloads of electronic products—for example music, games and computer programs—based on the geographic location of the consumer.\(^\text{13}\)

This definition recognises that geoblocking is not simply technological in nature, but implemented via contractual and other mechanisms.

Consider the following example. In February 2016 a consumer wishes to view episodes of the US comedy *The Mindy Project* online and will happily pay for the privilege to do so. Only season 1 of *The Mindy Project* is available for purchase on the Australian iTunes Music Store. As a result, in February 2016 one of the few options for viewing this television show is through a subscription to US streaming service ‘Hulu’, which also produces *The Mindy Project*. The Hulu streaming service can be accessed through any device with an Australian IP address. It is only when an Australian consumer is required to enter the billing postcode for their credit card that the service will not accept a consumer’s request for a subscription.


\(^{13}\) Ibid [2.24].

After making a subscription selection (limited commercial streaming for US$7.99 per month) the consumer is directed towards a details page. At this point there is still no indication that an Australian consumer will not be able to use this service.

The consumer is able to include all relevant information from an Australian credit card (subsequently removed for the purposes of this submission) but it is not until an Australian ‘zip code’ is entered (here, the relevant postcode for the University of New South Wales) that the streaming service will not accept the Australian consumer’s subscription.

If an Australian subscription service picks up the content to make it available, the consumer may be able to access it. Returning to the example of The Mindy Project, a few months later, from 1 April 2016, the consumer will be able to subscribe to the Australian streaming service ‘Presto’ and access
all episodes of *The Mindy Project*. Until this point, however, the consumer is limited in their options. Similarly, Australian consumers can use local computers with Australian IP addresses to purchase content on the British iTunes Store without employing any technology designed to circumvent UK geoblocking measures, and use British iTunes Store vouchers to pay for content. However, in order to purchase a song, film or television program, the consumer must be able to enter a UK billing address. This is possible if the consumer has a UK credit card and has access to a service that will provide a UK billing address for such purposes. (The computer will also then be ‘locked’ to the British iTunes Store for a certain period after that purchase.)

Australian consumers face frustrating delays, and not all desired US or UK content will ultimately be made available on local services (for example, the only way to watch *Game of Thrones* legally in Australia at or close to the time of release is to have a subscription to pay television service Foxtel).

In summary, geoblocking is more than a technological issue: identifying financial and other personal data is used to facilitate this practice. In the *Mindy Project* example, the consumer wishes to pay for access to the television show and has not adopted a VPN in an effort to view the content. The immediate barrier, rather, is that the consumer has a non-United States postcode associated with her credit card, and as a result the consumer cannot access her desired content. This was recognised in the IT Pricing Report where it was recommended ‘[t]hat the Australian Government investigate the feasibility of amending the *Competition and Consumer Act* so that contracts or terms of service which seek to enforce geoblocking are considered void.’ As a result, while we endorse Draft Recommendation 5.1, we note that it addresses only part of the issues raised by geoblocking. This is an area where copyright, contract and competition law intersect and it needs to be dealt with in a holistic, rather than piecemeal, manner.

**Draft Recommendation 5.2: The Australian government should repeal parallel import restrictions for books in order for the reform to take effect no later than the end of 2017.**

We support the recommendation that the Australian Government should repeal the parallel import restrictions for books as soon as is practicable.

In 1977, the High Court of Australia noted that the parallel import provisions led to higher prices of imported books in Australia, but observed that ‘[a]ny undesirable economic or cultural effects which some may discern as flowing from this aspect of copyright protection are a matter for the legislature.’ Since that time, as noted by the Commission, numerous, differently constituted bodies have examined the provisions and the available evidence, and concluded that the costs of the parallel import restrictions on Australians outweigh the benefits. These reviews include:


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15 IT Pricing Report, above n 13, p xiii (Recommendation 10).


• Competition Policy Review, *Final Report* (2015) (‘Harper Review’) – recommending parallel importation restrictions on books and second hand cars should be removed, and that other restrictions in the *Copyright Act* should be reviewed by an independent body such as the Productivity Commission.

All of these reviews and reports considered a large number of submissions and a considerable body of evidence provided to them both in favour of and against repealing the provisions. With the exception of the CLRC in 1988, which recommended relaxation of the parallel importation restrictions rather than repeal, every detailed consideration on this question has concluded that the evidence favours repeal of the provisions in relation to books, while the IT Pricing Report went further and recommended repeal of restrictions for all genuine goods.

We acknowledge the concerns of Australian writers that have circulated in the press about the potential impact on Australian publishers, but also note that much criticism is based on misinformation about what is proposed as well as misunderstandings of the legal position outside Australia. In particular, we reject the claim that the removal of parallel importation restrictions ‘removes an author’s ability to sell an exclusive licence to publish their work in Australia’.17 As Australian authors who publish with Australian publishers and as experienced intellectual property lawyers we note that our ability to contract with publishers is not affected at all by the Productivity Commission’s proposals on parallel importation. Further, we also reject the claim of the Australian Publishers Association that there is any such thing as a right to ‘equitable remuneration ... as a key part of Australia’s fair dealing provisions’.18

It is also untrue that ‘parallel importation rules are the global standard’.19 International treaties – including, most recently, the *Trans-Pacific Partnership Agreement* (‘TPP’) but also including the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (‘TRIPS Agreement’) – have

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18 Ibid.

deliberately left the question of international exhaustion of rights to individual countries.\textsuperscript{20} As a result, positions vary around the world. But the assertion that ‘all great free trading nations – bar none’\textsuperscript{21} prohibit parallel importation is demonstrably incorrect. The European Union observes a rule of intra-European exhaustion of rights: when an IP owner sells or consents to the sale of goods embodying their IP in any part of the EU, they thereby ‘exhaust’ their rights, and cannot prevent the goods from being transported to or resold throughout the 28 Member States of the EU.\textsuperscript{22} Notably, in the US, as a result of the US Supreme Court’s \textit{Kirtsaeng} decision, a US copyright holder is not entitled to prevent the importation into the US of ‘grey-market’ products manufactured for overseas markets.\textsuperscript{23}

We also suggest that a better understanding of colonial copyright history could help address fear-mongering about this proposal. Copyright has always had territorial limits because domestic laws were jurisdiction-specific. In the nineteenth century, Australian readers were, to some extent, looked after because British publishers produced special format ‘colonial editions’: reduced price editions of works designed for the culture-starved, ill-educated colonials in South Africa, India, Australia, New Zealand and Canada. Although international copyright protection developed from 1886 with the passing of the Berne Convention, the United States did not sign this treaty. Instead, the US adopted a bespoke international copyright law, the \textit{International Copyright Act of 1891} (known as the \textit{Chace Act}). For the first time, the US allowed for protection of the works of foreign authors in the US, however there were technical formalities designed to protect American publishers and printers from foreign competition. Works had to be type-set in the United States and registered, before publication, with the Copyright Office. It was noted at the outset that this would be difficult for overseas authors and publishers to comply with. The Berne Convention and, in particular, the need for compliance with the requirements of the \textit{Chace Act} encouraged the establishment of multinational publishing companies. Alongside these came international literary agents, such as Curtis Brown, who bought and sold international publishing and syndication rights for publishers (particularly useful for smaller concerns without an American foothold), fostering trans-Atlantic trade.

The Australian book market was served by successful local publishers. However, because the world division of territories followed the then-established colonial markets, American titles came to Australia and New Zealand via the United Kingdom. Australian publishers, such as Angus & Robertson, also commissioned works locally. However they had little interest in pursuing overseas opportunities. If they exported the works of Australian authors to the UK, they had to accept a ‘price discount’ in the foreign territory — the reverse of the colonial edition discount — which made the idea of pursuing export markets unattractive. It made more sense for Australian writers to continue with their historical colonial practice of contracting directly with overseas-based publishers and literary agents, as best they could. This dynamic stymied the development of independent Australian publishing houses, also making the successful firms vulnerable to foreign take-overs.

\textsuperscript{20} TRIPS Agreement, art 6; TPP, art 18.11.
\textsuperscript{21} Flanagan, above n 19.
\textsuperscript{23} \textit{Kirtsaeng v John Wiley & Sons, Inc}, 133 S Ct 1351 (2013).
Under the modern internationalisation of copyright, price increases for imported books for ‘colonials’ were inevitable as interest in producing special cut-price ‘colonial editions’ fell away. Restrictions on parallel importation have ensured what is euphemistically called the ‘Australia tax’ applies to imported books. Lifting the final importation restrictions will remove a colonial legacy that empowers multinational publishers. It will do nothing to affect the contractual rights of Australian authors to decide what rights to assign to whom in Australia or overseas. Nor should it affect the value of those rights in negotiating copyright agreements.

Finally, we urge the Productivity Commission to also consider extending the availability of parallel importation to cover legitimate importation of audio-visual items, such as DVDs and computer games, as well as dramatic works, artistic works and musical works (sheet music). Research by Screen Australia showing the ever-increasing annual deficit in audio-visual trade serves to emphasise the negative impact these restrictions have on consumers of these products: 24

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Draft Recommendation 5.3: The Australian Government should amend the Copyright Act 1968 (Cth) to replace the current fair dealing exceptions with a broad exception for fair use.

We agree that Australia’s current copyright exceptions are overly complex and insufficiently flexible, and fail to allow a range of uses that cause no or limited harm to copyright owners and which have benefits for society. We also agree that Australian law needs an open-ended exception which considers the benefits and the impact of uses when determining whether there is infringement. The case for this reform has been repeatedly made, supported by extensive evidence, including most recently by the Australian Law Reform Commission (‘ALRC’). Again, we acknowledge the concerns of authors and other individual creators expressed in media debate around the introduction of fair use. Again, we consider that these concerns result from significant misunderstandings regarding how fair use operates, and unjustifiable mistrust regarding the ability of Australian courts to apply legal standards appropriately.

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25 See above n 2. A number of us made submissions to the ALRC’s Copyright and the Digital Economy Inquiry in 2012-13, all of which are available online: http://www.alrc.gov.au/inquiries/copyright-and-digital-economy/submissions-received-alrc. Two of the authors of this submission (Bowrey and Weatherall) were also on the ALRC’s Advisory Committee for the Inquiry.
In our view, the appropriate solution to the problems identified by the Commission lies in the set of recommendations by the ALRC in its Report No 122, *Copyright and the Digital Economy*. The ALRC recommended:

- An express statement that a fair use of copyright material does not infringe copyright;
- A non-exhaustive list of the factors to be considered in determining whether the use is a fair use (‘the fairness factors’), namely:
  - The purpose and character of the use;
  - The nature of the copyright material;
  - The amount and substantiality of the part used; and
  - The effect of the use upon the potential market for, or value of, the copyright material;
- A non-exhaustive list of illustrative uses or purposes that may qualify as fair use;
- Repeal of:
  - The fair dealing exceptions;
  - The current exceptions for format-shifting and time-shifting;
  - The current exceptions for temporary uses and proxy web caching;
  - Section 200AB; and
  - Certain other exceptions for educational uses (ss 23, 44, 200); and
- Analysis of use of orphan works under the new fair use exception, but in addition, a further limit on remedies where it is established that despite a reasonably diligent search, the rights holder has not been found and as far as reasonably possible, the author has been attributed.

In our view the ALRC’s recommendations constitute an integrated solution to the problems identified by both the Productivity Commission and the ALRC. We prefer the drafting proposed by the ALRC (including, notably, of the fairness factors) which both addresses the Commission’s concerns and draws on Australia’s own well-established jurisprudence and that of other countries, and hence will contribute to ensuring sufficient guidance regarding the application of the exception.

We do not agree that an objectives clause is needed, and nor do we agree that the purpose of copyright law is to protect only against uses which would undermine commercial exploitation occurring at the time of the infringement. Clearly the availability of copyright-protected content is an important consideration, but it is also a longstanding principle in copyright, reflected in the various copyright treaties, that authors and creators have both economic interests in exploitation and other ‘legitimate interests’,26 which include the non-economic interests reflected in moral rights and free speech objectives.27

26 Berne Convention, art 9(2); TRIPS Agreement, art 13.
27 See, eg, *IceTV Pty Ltd v Nine Network Australia Pty Ltd* (2009) 238 CLR 458, 486 [71] (Gummow, Hayne and Heydon JJ) (‘A safer, if necessarily incomplete, guide when construing Pt III of the Act is the proposition that the purpose of a copyright law respecting original works is to balance the public interest in promoting the encouragement of “literary”, “dramatic”, “musical” and “artistic works”, as defined, by providing a just reward for the creator, with the public interest in maintaining a robust public domain in which further works are produced’ (footnote omitted)).
In our view the fairness factors identified by the ALRC allow all relevant considerations to be taken into account (including those of concern to both right holders and the Commission). In particular, issues of availability would clearly be of relevance when considering ‘the effect of the use upon the potential market for, or value of, the copyright material’. For example, a use is more likely to be fair if it involves use of an out-of-commerce work. Consideration of market harm and potential market harm appropriately protects the genuine economic interests of right holders, but does not require that any potential for a licence precludes fair use. As the ALRC noted in its Final Report:

*When considering harm to the rights holder’s markets, the relevant markets are those that are ‘traditional, reasonable or likely to be developed’. If a use fills a ‘market niche’ that the rights holder ‘simply had no interest in occupying’, then the fourth factor may not disfavour fair use.*

The ALRC also addresses orphan works through a two-part proposal. Use of works where the owner cannot be identified is inherently more likely to be fair, although it would not always be allowed under fair use (since a range of factors must be considered, including the nature and purpose of the use and the character of the work). In cases where a use is not fair, the ALRC proposes that remedies ought to be limited in cases where there has been a reasonably diligent search for the owner. In our view, the combination of these two proposals from the ALRC would address the problems identified by the Commission.

Finally, in relation to third party use, as the ALRC outlines in Chapter 7 of its Final Report, a fair use exception is sufficiently flexible to accommodate *fair* third party uses, and the fairness factors identified by the ALRC are ‘well suited to judge whether third party copying and other uses should be held to infringe copyright’.29

**Specific issues with text and data mining**

The Commission may also be interested in research not referenced in the Draft Report: Hargreaves et al, *Standardisation in the Era of Innovation and Technological Development, Notably in the Field of Text and Data Mining: Report from the Expert Group* (2014).30 This report examined the use of, and potential economic value of, data mining for the European Union. The report concluded that text and data mining has significant potential value in terms of improving research productivity and discoveries. It also found evidence that data and text mining were more prevalent in US research, attributing this difference, in part, to the existence of fair use. This is another example of the potential societal and economic benefits of introducing fair use. However, care must also be taken to protect the legitimate interests of those who provide text and data for free public access (usually via the Internet) but who explicitly refuse to allow text/data mining, indicating this by means such as the Robot Exclusion Protocol. Data mining of text/data can very easily be a means of extracting value-added elements from well-organised text: simply free-riding rather than ‘improving research productivity and discoveries’. We believe that these considerations could be accommodated within the ALRC’s proposed drafting of the fair use exception.

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28 Above n 2, [5.86].
29 Ibid [7.2].
The special problem of colonial Indigenous collections

Due to the historic circumstances of the making of the work, copyright ownership in Indigenous knowledge is often vested in a third party. Copyright practices of attribution can, in such cases, involve what is from a cultural perspective, an act of wrongful attribution that causes serious cultural offence. In recognition of this problem publicly funded Australian institutional collections often adhere to Indigenous protocols that regulate appropriate access conditions for utilisation of material concerning Indigenous Peoples.

Crafting of the fair use exception needs to respect and support the important work already achieved in better reconciling Australian law with contemporary expectations in recognising the rights of Aboriginal and Torres Strait Islander peoples. These efforts are supported by international law to which Australia is a signatory such as the United Nations Declaration of Indigenous Rights (2007). Article 31 provides:

Indigenous peoples have the right to maintain, control, protect and develop their cultural heritage, traditional knowledge and traditional cultural expressions, as well as the manifestations of their sciences, technologies and cultures, including human and genetic resources, seeds, medicines, knowledge of the properties of fauna and flora, oral traditions, literatures, designs, sports and traditional games and visual and performing arts. They also have the right to maintain, control, protect and develop their intellectual property over such cultural heritage, traditional knowledge, and traditional cultural expressions.

Under a fair use regime, in assessing fairness, it should be presumptively unfair to provide access on terms that are inconsistent with existing Indigenous cultural protocols adopted by Australian cultural institutions and supported by international law to which Australia is a signatory. We believe that these considerations could be accommodated within the ALRC’s proposed drafting of the fair use exception, especially when supported by appropriate recognition of this issue in materials accompanying legislation.

Information request 5.1: Other than for libraries and archives, to what extent are copyright licence conditions being used by rights holders to override the exceptions in the Copyright Act 1968 (Cth)? To what extent (if any) are these conditions being enforced and what are the resulting effects on users?

Would amendments to the Copyright Act 1968 (Cth) to preserve exceptions for digital material have any unintended impacts?

We are aware of a number of circumstances in which copyright licence conditions are regularly used to override exceptions or impose conditions not supported by copyright law.

Standard commercial publisher agreements

Standard academic publisher agreements require authors to clear copyright on a wide range of copyright material where the text or data quoted or images are used to illustrate research. There are
two legal issues here. First, if the author’s use involves less than a substantial part of the copyright material it will not constitute an infringement. Secondly, even where a use may be prima facie infringing, it may come under the existing fair dealing exception for research and study.

An example of an approach taken by a publisher can be seen on Wiley’s ‘Copyright and Permissions’ page, which relevantly provides:

More specifically, you should always secure permission for:

1. A single quotation or several shorter quotes from a full-length book, more than 300 words in toto.
2. A single quotation of more than 50 words from a newspaper, magazine, or journal.
3. Artwork, photographs, or forms, whether or not from a published source. Sometimes more than one permission is required for a photograph, e.g., from the photographer and also from the creator of the underlying work shown in the photograph.
4. Charts, tables, graphs, and other representations where, inevitably, you are using the entire representation, since the copyrighted features are complete in themselves and inherent in the whole work.
5. Material which includes all or part of a poem or song lyric (even as little as one line), or the title of a song.
6. Computer representations, such as the depiction of results of research on computerized databases, the on-screen output of software, reproduction of web pages, and the capture of Internet or other online screen shots.  

Whilst there may be a reference to fair use rights on the general information provided to authors, the contract received usually specifies that clearance is required, regardless of whether this is actually required by law. Often, at the point of (electronic) submission, academic authors are required to certify that they already have permission for any copyright material included in a manuscript (with submission impossible until the relevant box is checked on the electronic form). Further, contracts usually include a clause whereby the author has to indemnify the publisher for any costs associated with a failure to clear copyright material. Accordingly, agreeing to these contractual conditions and clearing material when this is not required by copyright law is very common. Researchers require timely publication and do not want to cause unnecessary delays, and few are confident or knowledgeable enough to assert their fair dealing or fair use rights. The ALRC’s discussion of a right of quotation and illustration is relevant to this point. Impacts of this practice include (a) significant time wasted by academic researchers (and spending of scarce research grant resources) seeking permission that ought not be required, and/or (b) distortion of the content of research and teaching publications as material is removed (especially pictures, but also text quotes) in order to avoid the need to obtain unnecessary clearances.

Reform is needed to redress this common contractual licensing problem facing authors.

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31 Available at [http://www.wiley.com/legacy/authors/guidelines/stmguides/3frames.htm](http://www.wiley.com/legacy/authors/guidelines/stmguides/3frames.htm).
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**PATENTS**

**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.

We endorse amendment of the inventive step test in order to increase its stringency, and agree that alignment of Australian law with the approach adopted by the European Patent Office would be appropriate. Not only would this assist in raising the threshold of the inventive step test, it would to some extent bring the test in line with that of major trading partners. However, we do not see a need to stipulate the content of the Explanatory Memorandum accompanying such an amendment. Rules of statutory interpretation refer judges to the Explanatory Memorandum where the meaning of a provision is unclear.

We recognise that stakeholders might query whether further amendment of Australian law is needed to raise the inventive step threshold, given that changes were made relatively recently via the Intellectual Property Laws Amendment (Raising The Bar) Act 2012 (Cth) (‘RTB Act’). The RTB Act resulted in an expansion of the information base against which an invention’s inventive step is assessed. We were and continue to be fully supportive of those amendments. Inventive step is however a function both of the prior art base against which a patent is assessed, and the tests applied to determine whether, when assessed against that base, the invention is ‘obvious’. The RTB Act did not address this second aspect of the inventive step threshold, although Proposal 4.3 of IP Australia’s earlier ‘Getting the Balance Right’ Consultation Paper would have done so. As stated in Nicol’s earlier submission to that consultation, the proposed terminology of ‘obvious to try’ and ‘reasonable expectation of success’ was at that time in line with other jurisdictions and Nicol supported this formulation.

In our view, the RTB Act is unlikely to bring the Australian threshold for inventiveness into line with the law in our major trading partners, as a result of the interpretation of the inventive step test by the High Court in Aktiebolaget Hässle v Alphapharm Pty Ltd and the Court’s affirmation of this approach for applying the inventive step test under the Patents Act 1990 (Cth) in Lockwood Security Products Pty Ltd v Doric Products Pty Ltd [No 2]. There was a time when the Australian position regarding inventive step was in line with that in the US regarding non-obviousness. This changed as a result of the interpretation of the non-obviousness requirement in the US brought about by the Supreme Court’s decision in KSR International Co v Teleflex, Inc, as illustrated in the subsequent body of jurisprudence that built up in specific areas of technology. In biotechnology, for example, the US Court of Appeals for the Federal Circuit held in In re Kubin that isolation of the claimed gene sequences was obvious to try, in line with KSR reasoning but in contrast to In re Deuel, which until then had been the leading case on the interpretation of the inventive step requirement for biotechnology inventions. With the closer alignment of the US position to that in Europe, we saw

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36 561 F 3d 1351 (Fed Cir, 2009).
37 51 F 3d 1552 (Fed Cir, 1995).
that there was good justification for Australia to take a similar step when this issue was under consideration in 2011. The terminology of ‘obvious to try’ and ‘reasonable expectation of success’ used in the ‘Getting the Balance Right’ Consultation Paper was, in our view, appropriate.

Since our submissions relating to the Raising The Bar amendments in 2011, a series of other influential inventive step cases have been decided (albeit still mostly considering the pre-RTB Act requirements). One notable case is Generic Health Pty Ltd v Bayer Pharma Aktiengesellschaft.\(^{38}\) We draw particular attention to the last two sentences in paragraph 71, where the unanimous Full Court of the Federal Court held that:

*we think a test formulated in terms of worthwhile to try was firmly rejected by the High Court in Alphapharm (see also Pfizer [Overseas Pharmaceuticals v Eli Lilly & Co (2005) 225 ALR 416] at 476, [287], per French and Lindgren JJ). The fact (if it be the fact) that the position in the United States may have shifted does not affect the binding nature of what the plurality said in Alphapharm.*

In the High Court’s decision in AstraZeneca AB v Apotex Pty Ltd,\(^{39}\) although the primary focus was on the person skilled in the art, the court addressed the question of obviousness in much the same way as the Full Federal Court in Generic Health. In particular, French CJ and Kiefel J summarised the law at paragraph 15:

*Relevant content was given to the term ‘obvious’ by Aickin J in Wellcome Foundation Ltd, posing as the test:*\(^{40}\)

*whether the hypothetical addressee faced with the same problem would have taken as a matter of routine whatever steps might have led from the prior art to the invention, whether they be the steps of the inventor or not.*

The idea of steps taken ‘as a matter of routine’ did not, as was pointed out in AB Hässle, include ‘a course of action which was complex and detailed, as well as laborious, with a good deal of trial and error, with dead ends and the retracing of steps’.\(^{41}\) The question posed in AB Hässle was whether, in relation to a particular patent, putative experiments, leading from the relevant prior art base to the invention as claimed, are part of the inventive step claimed or are ‘of a routine character’ to be tried ‘as a matter of course’.\(^{42}\) That way of approaching the matter was said to have an affinity\(^{43}\) with the question posed by Graham J in Olin Mathieson Chemical Corporation v Biorex Laboratories Ltd.\(^{44}\) The question posed was described in AB Hässle as a reformulation of the ‘Cripps question’ — a reference to the question set out in Sharp & Dohme Inc v Boots Pure Drug Co Ltd.\(^{45}\) The question, stripped of references specific to the case before Graham J, can be framed as follows:

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\(^{40}\) (1981) 148 CLR 262, 286.


\(^{42}\) Ibid 433 [52].

\(^{43}\) Ibid 433 [53].


\(^{45}\) (1928) 45 RPC 153, 173.

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Would the notional research group at the relevant date, in all the circumstances, which include a knowledge of all the relevant prior art and of the facts of the nature and success of [the existing compound], directly be led as a matter of course to try [the claimed inventive step] in the expectation that it might well produce a useful alternative to or better drug than [the existing compound]?

That question does not import, as a criterion of obviousness, that the inventive step claimed would be perceived by the hypothetical addressee as ‘worth a try’ or ‘obvious to try’. As was said in AB Hässle, the adoption of a criterion of validity expressed in those terms begs the question presented by the statute.

We reiterate that the RTB Act did not address this aspect of the obviousness criterion, and as such it seems to us that the statements made by the courts in Generic Health and AstraZeneca continue to apply. Practically, the difference between the Australian, European and US requirements may have minimal effect. However, there are likely to be some circumstances where an invention will satisfy the Australian inventive step requirements even though it would not necessarily satisfy those requirements in Europe or the US.

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.

The concept of including an objects clause in the Patents Act is not new – some of us (particularly Nicol and Nielsen) have endorsed the inclusion of an objects clause in previous submissions, and continue to do so now. It also makes sense to amend the Patents Act to compel attention to the objects clause in making decisions about patents and patent applications.

While we support the inclusion of an objects clause, we believe the wording proposed by IP Australia in its 2013 consultation is preferable. As a first point it is critical that the objects clause specifically refer to the promotion of innovation as a central object of the Patents Act. The wording proposed by the Productivity Commission fails to do so. Secondly, there is no real benefit to including reference to follow-on innovators and researchers – the interests of all users of technology should be given


48 IP Australia, Patentable Subject Matter: Consultation on an Objects Clause and an Exclusion from Patentability (2014).
due consideration, and it is impossible to predict what weight should be given to the interests of these and other, competing users of technology. Indeed, evidence is divided as to whether innovation is best facilitated by encouraging initial or follow-on innovation. Requiring patent examiners, for example, to attempt to balance these interests as specifically mentioned in an objects clause, at the point of examination, would involve placing an onerous burden on examiners. Given the generality of IP Australia’s proposed clause, we submit that it should be preferred.

We note that it is entirely appropriate in any objects clause in the Australian Patents Act to identify that the objective of Australian patent law is the enhancement of the well-being of Australians, and the interests of Australian society. Australia is entitled to frame its IP laws in its own national interest subject only to the specific commitments it has made relating to IP rules as set out in the international legal framework. An overall objective of promoting the interests of Australian society is in no way inconsistent with Australia’s commitment to provide national treatment for inventors and right holders from other countries.49

**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.

In principle we support the concept of increasing renewal fees in the later years of a standard patent, although there is little evidence to indicate that strategic use of patents is (or will become) a significant problem in Australia. To the contrary, patent trolling is likely to be less attractive in Australia for a number of reasons, including the fact that damages awards for successful litigants are generally low, and the likelihood of costs awards against unsuccessful litigants. In the event that it does become an issue, increased renewal fees would assist in combatting it. The real question for us is the extent to which renewal fees would need to be increased in order to deter strategic use, and this is a difficult question to address. Detailed examination of the effects of renewal fee increases would need to be undertaken prior to implementation. We also point out that increases in renewal fees that make patenting an unattractive or unviable option for domestic innovators would be undesirable, and this should be borne in mind in making any changes in this regard. International cooperation in setting renewal fees would not necessarily offset this, because as the Commission notes in the Draft Report (pp 202-205), Australian patent fees are modest relative to other jurisdictions.

The explanation of the phrase ‘making greater use of claim fees’ in the recommendation is somewhat ambiguous, but we see no reason to significantly increase initial claim fees in order to offset the risk of broad patents. The Commission itself points out (p 197) that a majority of patents do not reach their full term: to increase initial claim fees would greatly disadvantage those that do not renew patents in any case. To some extent, the evidence suggests that many patent holders

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49 TRIPS Agreement, art 3.
themselves limit patent terms in line with their requirements, having adequately recouped their investment.

**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.

This is a draft recommendation we do not support. The exclusion of business methods and software from being patentable subject matter is bound to be highly contentious. As the Commission points out, legislatures and courts around the world have struggled to know how to treat business methods and software insofar as patentability is concerned. The Commission canvassed a number of inter-jurisdictional approaches in its Draft Report, noting the problems being faced, for example, as a result of judicial decisions in the US attempting to define the bounds of patentable subject matter in the software area.

But in our view there are problems with the Commission’s analysis and draft recommendation. First, there are many different types of inventions that fall within the categories of ‘business methods and software’. To impose a blanket exclusion of all these inventions from patentability is an extreme solution to the problems identified by the Commission. Further, as the Commission identifies, there is no easy way to recognise when embedded software should be patentable.

The Commission also fails to recognise the difficulties the European exclusion from patentability has presented: aside from a lack of consistency across jurisdictions, the exclusion has generated a body of case law attempting to interpret its bounds. There is no guarantee a similar issue would not arise in the Australian context, as developers attempt to find workarounds to the exclusion. The associated uncertainty that would be brought about by the enactment of an exclusion for ‘BM&S’ patents may well exceed current uncertainty surrounding patents relating to business methods and software. Clarification of the current position would be a preferable option to wholesale exclusion.

Earlier law reform inquiries have consistently recommended that a broad technology-neutral test for patentable subject matter should be retained. The manner of manufacture requirement, as interpreted in *National Research Development Corporation v Commissioner of Patents* has stood the test of time. There is no suggestion in the Draft Report for wholesale reform of this test. As such, we submit that cherry picking certain technologies for specific exclusion seems anomalous.

**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.

Before commenting specifically on this draft recommendation, we note that one of us (Nicol) was a

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52 (1959) 102 CLR 252.
member of the Pharmaceutical Patent Review Panel, and are pleased to see that the Productivity Commission has paid so much attention to the Pharmaceutical Patent Review Final Report ("PPRFR"). The review involved extensive economic and legal analysis, consultation with relevant government agencies, public consultations and consideration of two rounds of detailed submissions. As such, there is much useful information in the PPRFR that has not been considered in any other forum.

The PPRFR included some general recommendations on transparency, international obligations, international harmonization and an objects clause for the Patents Act, which have also been picked up in the Productivity Commission’s Draft Report. We strongly support the inclusion of recommendations on these matters. However, there are other important recommendations in the PPRFR that have not been addressed in the Draft Report. These include the establishment of an external patent oversight committee, the introduction of a transparency register for therapeutic goods, greater involvement of the government in managing the costs to the Pharmaceutical Benefits Scheme when a patent relating to a PBS-listed pharmaceutical is successfully challenged and the establishment of a Pharmaceutical System Coordinating Committee. The PPRFR also included specific recommendations regarding amendments to the provisions in s 117 of the Patents Act relating to supply infringement. We recommend that the Productivity Commission examines the desirability of including the full suite of PPRFR recommendations in its Final Report.

Turning to draft recommendation 9.1, while there is much to be said for limiting the extension of term to the actual period taken for regulatory approval (plus one year), it is not clear that this accords with our international obligations and practice in the major pharmaceutical patenting jurisdictions. For this reason, we submit that the Commission should consider the recommendation of the PPRFR that the effective patent life period be reduced from the current period of 15 years (noting that there was some disagreement within the PPR panel as to the appropriate duration of the effective patent life period). We submit that a recommendation to reduce in effective patent life could either replace or supplement the current draft recommendation 9.1.

**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.

We strongly support this recommendation. The PPR panel received compelling evidence as to why it was detrimental to Australian interests to prohibit manufacture for export during the extension of term. However, the PPR panel was more circumspect than the Productivity Commission on the issue of whether or not a recommendation of this nature complies with our international obligations. We submit that this will require further scrutiny prior to a final recommendation being made on this point.
**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 strongly support both aspects of this recommendation. The PPR panel was provided with no compelling evidence as to why it would be in Australia’s interest to extend the period of data protection for biologics. As such, there is no good reason to extend the period of data protection for biologics.

In accordance with the recommendation in the PPRFR, there is good reason for Australia to participate in the development of an internationally coordinated and harmonised system where data protection is provided in exchange for the publication of clinical trial data. The rationale for this recommendation was that publication of clinical trial data, once the data protection period has ended, would enhance transparency and efficiency for researchers, medical practitioners and the public, and provide a social benefit for society.

**Draft Recommendation 9.4:** The Australian Government should introduce a transparent reporting and monitoring system to detect any pay-for-delay settlements between originator and generic pharmaceutical companies. This system should be administered by the Australian Competition and Consumer Commission.

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

We strongly support any strategies for improving transparency of the business strategies employed by the pharmaceutical sector for extending market exclusivity.
TRADE MARKS AND GEOGRAPHICAL INDICATIONS

Overview
We agree that trade mark registration systems can generate problems of the type identified by the Productivity Commission in the Draft Report. For example, we agree that trade marks can potentially be used for ‘anticompetitive rather than informational purposes’ (p 331); that ‘trade mark cluttering’ can be a problem; that there is a risk that marks that might cause a degree of consumer confusion are able to be registered; and that undue restrictions on the parallel importation of goods can be anticompetitive. We are encouraged to see that the Commission has sought to identify whether these problems exist under current Australian law and, if so, to suggest ways in which the law might be reformed. However, we have a number of concerns about the way the Commission has gone about the task of identifying the problems that exist under the current law and about some of the Draft Recommendations that have been proposed.

Draft Recommendation 11.1 contains a number of sub-parts, and rather than addressing each in turn, we have grouped them in accordance with the specific issues identified by the Commission: cluttering; defensive trade marks; consumer protection; and producer confusion. We then turn to consider Recommendation 11.2 on parallel importation. In the course of our analysis we make a number of suggestions about other recommendations that the Commission should consider including in its Final Report.

Cluttering

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 [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.

These sub-parts of Recommendation 11.1 seek to address the issue of ‘cluttering’. The Commission has considered cluttering to arise where ‘firms register trade marks over a wider range of elements and classes than is necessary’ (p 332). The ‘mandatory disclaimer’ recommendation appears to be designed to address the ‘firms registering a wider range of elements’ part of the problem, while the ‘higher fees’ recommendation seems to be aimed at the ‘firms registering over a wider range of classes’ part of the problem. To our mind, however, the Commission has demonstrated an incomplete understanding of the nature and scope of the problem and this has impacted on the utility of the proposed recommendations.

Looking first at what is meant by the idea that ‘firms register trade marks over a wider range of elements ... than is necessary’, it appears that the Commission’s primary concern relates to the consequence of registering marks that have both distinctive and non-distinctive elements. That is, the concern seems to be that:
a trader might adopt a mark that contains distinctive and descriptive elements (for example, a descriptive word represented in a highly stylised manner); and

• such a ‘compound’ mark will pass the distinctiveness hurdle under s 41 of the Trade Marks Act 1995 (Cth) with relative ease; but

• the rights given to such a trader under s 120 of the Trade Marks Act might extend to allow it to prevent another trader from using the descriptive element of the registered mark (if the other trader’s mark, which features a similar element, is judged to be ‘deceptively similar’ to the registered mark).

A recent case that might be said to illustrate such a concern is **REA Group Ltd v Real Estate 1 Ltd**, where the owners of the registered compound mark, reproduced below, were successful in infringement proceedings against a company that used ‘realestate1.com.au’ as its domain name and as the heading to a sponsored link.

Another scenario that might give rise to this concern is where a brand owner seeks to register a mark consisting of the shape of its goods, and where a primary, distinctive logo is also prominently featured on those goods. In such a case, the presence of the primary logo will mean that the mark should be able to pass the s 41 hurdle without difficulty (something that would almost certainly not be the case if the brand owner attempted to register the shape alone). The presence of the ‘shape and logo’ compound mark on the Register might, however, give rise to doubts as to whether another trader can provide similarly shaped goods but with a clearly different primary logo.

The Commission has identified an important issue here. It is worth noting that it is an issue to which courts and hearing officers have long shown themselves to be alive in assessing the ‘deceptive similarity’ of marks under both s 44 and s 120. In particular, it has long been held that the common presence of descriptive or quasi-laudatory elements in the two marks is likely to be given relatively little weight in assessing whether the marks are deceptive similar. Further, although a case like **REA Group** might appear to run contrary to this line of authority, courts in infringement actions have at times taken into account the registered mark’s reputation in determining ‘deceptive similarity’, and in **REA Group** the fact that the owner of the registered compound mark was able to show that it had a substantial reputation in the descriptive words ‘realestate.com.au’ alone helps explain the outcome. However, we agree with the Commission’s general concern that more could be done to clarify the scope of rights given to owners of registered marks that contain descriptive and distinctive elements. It has long been recognised that one way forward is to ensure that in the registration process an applicant should be required to disclaim the exclusive rights over a non-distinctive element of a compound mark, unless it can separately show acquired distinctiveness in such an element. In that regard, we would support the part of Draft Recommendation 11.1 that calls for the re-introduction of mandatory disclaimers, consistent with the Advisory Council on Intellectual Property’s recommendation to this effect in 2004.

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It is not, however, clear that the above scenario is the only one the Commission had in mind in making the statement that ‘firms register trade marks over a wider range of elements ... than is necessary’. Another way of reading this statement, consistent with the anecdotal evidence presented on p 333 about the difficulties faced by designers of new products, is that when firms seek to register ‘secondary’ brands, such as shapes or colours, in isolation, this causes problems for competing traders. That is, it could be said that provided that a firm has registered or is using a ‘primary’ mark (such as a word or logo), it should not have any need to separately register a secondary brand, such as a shape or colour, in order to distinguish its goods and services. We agree that the registration of non-traditional marks such as shapes or colours could, in this way, be seen as ‘unnecessary’, and can give rise to competition concerns, in particular because the rights afforded to registered owners of such marks extend to prevent a third party from adopting as a trade mark a ‘deceptively similar’ shape or colour. For example, allowing the shapes of bottles of alcoholic beverages to be registered in Class 32 raises the prospect that at some point it will be difficult for a new market entrant to identify a shape that it might safely use. Allowing single colours to be registered raises an even more pressing concern, given that there is likely to be only a limited commercially viable palette of colours available for use by traders in most markets.

Re-introducing mandatory disclaimers would not address these competition concerns. Rather, the issue turns on whether the current provisions of the Trade Marks Act are adequate to accommodate such concerns. At the moment, this issue tends to fall for consideration under the distinctiveness tests contained in s 41, which seek to accommodate and reconcile the needs of other traders to use a sign for its ordinary meanings and the interests of traders that have used the sign in the marketplace to such an extent that it has become known as the trader’s mark. We have ongoing concerns about the operation of s 41 in the context of non-traditional marks, in particular in that the bar for registration of shape marks has been set too low as a result of the Full Federal Court’s decision in Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks.55 We would support the recommendation of a wholesale review of the operation of s 41.

However, to our mind, there is an even more obvious deficiency in Australian law that can be remedied through legislative reform. At the moment, the Trade Marks Act contains no clear ground of rejection of registration for a mark that contains ‘functional’ matter – that is, a ground that would form a barrier to registration even if acquired distinctiveness could be shown under s 41(3) or (4). This can be contrasted with the position under US law56 and under the 2015 EU Trade Marks Directive.57 This sort of provision would ensure that shapes and colours that serve a functional purpose, and which should be available for all traders to use, are kept off the Register (the problem at the moment being that functional shapes and colours are able to be registered upon a showing of

56 15 USC §1052(e)(5).
acquired distinctiveness). We would strongly encourage the Commission to recommend that Australia adopts a functionality ground of rejection in its Final Report.

Turning to the second aspect of cluttering, namely that ‘firms register trade marks over a wider range of … classes than is necessary’, we believe that this statement does not fully capture the nature or extent of the problem. The focus on ‘classes’ of goods and services is too narrow. It might well be the case that some firms have sought to register their marks over numerous classes of goods and services, when they intend to use their marks only in relation to goods or services contained in one or a few of those classes. However, application fees are already determined on a per class basis, and there is nothing to suggest that raising such fees would act as a sufficient disincentive to this sort of over-claiming. Moreover, such a recommendation would have adverse consequences for legitimate traders. The unusual way in which goods or services are classified under the Nice system (in that very similar goods or services can often be classified in different classes) means that there will be many instances where a trader with a legitimate intention to use its mark across a range of goods and related services will have to make a multi-class application to get the coverage it needs. Why such parties should be required to bear the cost of increased fees for their multi-class applications is entirely unclear.

The real problem that the Commission has identified is one of ‘overbroad’ specifications. These might involve specifications covering a diverse range of goods and/or services (which might, but need not, span multiple classes: a specification wholly contained within Class 9 could cover ‘theodolites, bathroom scales, DVD players, and fire extinguishers’). Alternatively, they might involve specifications that cover broad, generic categories (such as ‘computer software’, ‘vehicles’, ‘printed material’ or ‘clothing’), where the applicant only intends to provide highly specific items from within these categories (for example, printer spooler software, camper vans, brochures and headscarves).

There is no easy solution to the problem of overbroad specifications of either type. At present, examiners have the power to challenge an application on the basis that the specification appears to be unrealistically broad, and ask the applicant to ‘require the applicant to make a declaration to the Registrar’ that it is using or intends to use the mark across the full range of goods and services specified.\(^58\) It would be useful to see some data on the extent to which this power has been exercised, but our impression is that it is underutilised. We would also support a recommendation that encouraged IP Australia to reconsider some of the broad terminology that it allows in specifications, particularly in light of the more restrictive approach to broad terminology that is taken by the US Patent and Trademark Office.

We do not consider that raising the fees for multi-class applications or where ‘class headings’ are claimed is an appropriate response. However, we are encouraged to see the Commission identify, in Box 11.2, that one way of dealing with this issue is for Australia to move from an ‘intent to use’ model of registration to a ‘demonstrated use’ model (p 337). This would involve moving closer to the US system, something that is very much in line with what Australia has agreed under Art 17.2.11 of the AUSFTA. Two of us have argued that the move to a ‘demonstrated use’ model should be taken as part of a root-and-branch re-evaluation of how issues of ‘use’ and ‘non-use’ are dealt with.

\(^58\) Trade Marks Act 1995 (Cth) s 27(1)(b) and Trade Marks Regulations 1995 (Cth) reg 4.8(3).
throughout the *Trade Marks Act*, and we would strongly encourage the Commission to adopt this approach.59

**Defensive trade marks**

**Draft Recommendation 11.1:** In order to improve the effectiveness of the trade mark system, the Australian Government should:

- repeal part 17 of the *Trade Marks Act 1995* (Cth)

Defensive trade marks have long had something of an uncertain place within the Australian trade marks regime. The system was first adopted in the UK in the late 1930s at a time when the infringement action gave owners the exclusive right to control the use of their marks only in relation to the goods in respect of which their marks were registered. As such, a defensive registration significantly extended a trade mark owner’s rights at that time. However, the infringement action under the current Australian *Trade Marks Act* is no longer so limited and, at its broadest under s 120(3), now mirrors the circumstances in which defensive registration can be obtained. Further, the minor procedural advantages that might seem to accrue to owners of defensive trade marks in infringement proceedings (namely, the ability to sue under s 120(1), rather than the more difficult to establish s 120(3)) are illusory. This is because any defendant would be likely to challenge the validity of the defensive trade mark under s 88, which would then require the owner of the defensive trade mark to adduce the same sort of evidence that it would need in order to bring an infringement action under s 120(3). There are real questions as to the ongoing utility of the defensive trade marks regime, and we note that as far back as 1992 the members of the Working Party from the Trade Marks Office considered that the retention of defensive registration was ‘questionable’.60

We would support a review of the operation of the defensive trade marks regime. However, we consider that it is premature to call for its abolition, and certainly not on the grounds identified by the Commission. The suggestions that such marks ‘represent a form of cluttering’ (p 339), and that they afford a ‘deliberate method to hinder competition and prevent entry of new firms to a market’ (p 338), are misconceived. A mark can only be registered as a defensive trade mark in relation to goods and services that the owner does not provide if the use of the mark by a third party on those goods and services would cause consumer confusion.61 It is hardly the case that a defensive registration for VEGEMITE that covers a wide range of goods such as pharmaceuticals, jewellery, clothing, toys and educational services forms any barrier to the entry of new firms into the market for these goods or services, given that a new firm’s adoption of ‘Vegemite’ or a similar variant would be likely to result in consumer confusion as to some form of commercial relationship with the owner of the famous VEGEMITE brand.

59 Burrell and Handler, above n 54, 364–6.
60 Working Party to Review the Trade Marks Legislation, *Recommended Changes to the Australian Trade Marks Legislation* (1992) [1.5.2].
61 In the language of s 185(1) of the *Trade Marks Act*, the test is whether the use of the mark ‘will be taken to indicate that there is a connection between those other goods or services and the registered owner of the trade mark’.
Consumer protection

**Draft Recommendation 11.1:** In order to improve the effectiveness of the trade mark system, the Australian Government should:

- 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 [and]  

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.

The Commission has identified a number of issues of potential concern on pp 339-41 of the Draft Report. However, (a) we have a number of reservations about the recommendation to amend s 43 of the Trade Marks Act to deal with these concerns; and (b) we are not sure that sufficient evidence has been presented of a change in the practice of the Trade Marks Office in assessing applications under s 43 has taken place, such that calls for a ‘return to [a] previous practice’ can be justified.

Any discussion of reform of s 43 is complicated by the fact that there is, as yet, no clear judicial consensus as to the proper scope of this provision. Specifically, there is authority to the effect that (i) s 43 applies where the possibility of deception or confusion arises because of the reputation of an earlier mark; (ii) s 43 has no role at all in policing conflicts between marks; (iii) although s 43 does not apply to conflicts between marks per se, this section will still prohibit the registration of marks that cause consumers to be misled or deceived as to the existence of an endorsement or sponsorship arrangement. Two of us (Burrell and Handler) have argued at length that the second interpretation is to be preferred because other provisions of the Trade Marks Act are perfectly adequate to deal both with possible conflicts between marks and with misleading suggestions of endorsement or sponsorship. 62 However, for present purposes the confusion about the proper scope of s 43 is important because until the scope of this provision is clarified it must be borne in mind that proposals to amend this section might have significant unlooked-for effects in the types of case that were not in the Commission’s contemplation. At present, the best that can be said for the lack of clarity around the proper scope of s 43 is that it causes relatively few problems in practice. This is because even if s 43 overlaps with other provisions that deal with conflicts between marks and misleading suggestions of endorsement or sponsorship (specifically, ss 42(b), 44 and 60) it is far from obvious that s 43 adds to the scope of these other provisions. If, however, s 43 were to be amended in some significant way, including by removing it from the purview of the presumption of registrability, this might have unforeseen consequences in cases that the Commission clearly does not have in mind. Consequently, we think that any suggestion to amend s 43 would be unwise unless and until the scope of this provision is clarified, ideally by confining the scope of this provision to cases where the applicant’s mark is ‘of such a nature as to deceive the public as to things such as the nature, quality or geographical origin of the goods or services’. 63

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62 Burrell and Handler, above n 54, 260–3, 270.
63 Cf Trade Marks Act 1994 (UK) s 3(3)(b).
Moreover, even if the scope of s 43 were narrowed we would still have three further reservations about the Commission’s recommendations. The first such reservation is that removing s 43 from the purview of the presumption of registrability would have a much less dramatic impact that the Commission seems to have understood. Contrary to what is often assumed, the presumption only has work to do in a very small number of cases, such that taking s 43 outside the scope of the presumption ought logically to have very little bearing on the types of mark that are accepted for registration (although we accept that as a practical matter such a reform would have signalling effect to IP Australia, the impact of which is harder to predict).64

Our second reservation is that the Commission’s proposal fails to reflect the complexity of some of the issues attached to trade marks containing geographical place names. The Commission notes that ‘[t]he shift by consumers to demand more locally sourced food and beverages provides an incentive for firms to brand their goods to reflect such a desire’ (p 340) and then goes on to consider examples of where food and beverage manufacturers have engaged in conduct that might be considered misleading. However, the Commission’s final recommendations are not limited to the food and beverage sector and the suggestion that there should be a universal practice of including ‘endorsements that require the goods and services defined under the mark to be produced in the region nominated’ (p 341) would be unworkable. The Commission cannot be intending to suggest that henceforth Oxford University Press ought no longer to be entitled to publish books in Melbourne or that the Bank of Queensland ought not to be able to open branches in other States and Territories. Furthermore, even in the food and beverage sector consumer reaction can be complicated and difficult to predict and we are therefore unconvinced that it is possible to address the problem that the Commission has identified through the trade mark system. The ACCC appears to be doing a good job of addressing egregious cases of consumers being misled and it may be necessary to continue relying on the ACCC going forward.

Our third reservation about the Commission’s proposals relates to the underlying claim that there has been a change in Office in practice ‘around 15 years ago’. While we understand that this change in practice was communicated by IP Australia (p 341) it is not clear to external observers how this change has manifested itself – it does not appear to be reflected in decisions of hearing officers or in the Trade Marks Office Manual of Practice and Procedure. More information would need to be provided about the change that has occurred and what motivated it before it is possible to engage fully with this element of the Commission’s proposals.

Producer confusion

**Draft Recommendation 11.1:** IP Australia should:

- 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 support the general idea of creating stronger informational ‘links’ between ATMOSS and ASIC’s business name registration system in order to reduce confusion amongst traders. It is clearly advisable for applicants for registration of a business name to be informed of the existence of the registered trade mark system, the difference between the trade mark and business name regimes, and the fact that ownership of a business name does not provide a defence to trade mark infringement. Such applicants should be encouraged to do what they can to ensure that their proposed business names do not conflict with registered trade marks or marks in which third parties have rights: they should, in particular, be made aware of ATMOSS and any service (such as ‘TM Check’) that might assist them in identifying earlier conflicting trade marks.

However, we do not agree with the Commission’s recommendation to the extent that the ‘link’ being contemplated is a technical one (between the ASIC portal and ATMOSS), with the intention that applicants for business name registration would somehow be automatically notified if their mark is likely to infringe another’s registered mark. The problem with this recommendation is that it overlooks the complexity involved in determining whether a mark is likely to infringe a registered mark. In the vast majority of cases this will turn on an assessment of whether marks are ‘substantially identical’ or ‘deceptively similar’ to each other, which often involves difficult questions of fact and law. Even if this determination of a sufficiently similar mark could readily be made, an assessment of whether the applicant’s name might infringe would also require knowing with some degree of precision the goods and/or services in respect of which the applicant for business name registration is using or intends to use its name. Based on that information, a determination would then need to be made as to whether those goods/services are ‘similar’ or ‘closely related’ to those in respect of which the conflicting mark is registered. These are not matters that can be reduced to an algorithm, and any attempt to do so would generate too many false positives and false negatives for the system to be worthwhile. The suggestion that the ACCC would be well placed to determine criteria to judge when a name is likely to infringe is inappropriate, not least because the standard of ‘misleading or deceptive conduct’ under the Australian Consumer Law (with which the ACCC is likely to be familiar) differs substantially from the test for ‘deceptively similarity’ under the Trade Marks Act.

Given the complexities involved in searching for earlier conflicting trade marks, and the fact that this is a matter best determined through reliance on human expertise, the best reform option would seem to be for applicants for registration of a business name to be strongly encouraged to seek independent advice from a solicitor or trade marks attorney as to the potential for conflict with an earlier registered trade mark before proceeding with their applications.
As a separate point, we would add that stronger links also need to be made between the registered trade marks system and the Personal Property Securities Register, as two of us have argued in detail elsewhere.\textsuperscript{65}

**Parallel importation**

**Draft Recommendation 11.2:** The Australian Government should amend s. 123 of the Trade Marks Act 1995 (Cth) to ensure that parallel imports of marked goods do not infringe an Australian registered trade mark provided that the marked good has been brought to market elsewhere by the owner of the mark or its licensee. Section 97A of the Trade Marks Act 2002 (New Zealand) could serve as a model clause in this regard.

We are pleased to see that the Productivity Commission has recognised the significant problems with the current state of Australian trade mark law as it impacts on the parallel importation of trade marked goods. Two of us (Burrell and Handler) have made detailed arguments in a recent article about the long-standing problems with s 123 of the Trade Marks Act and the judicial interpretation of the provisions of the Act that impact on parallel importation, and we refer the Commission to the arguments and reform proposals contained in that article.\textsuperscript{66}

We note that the Commission believes that reform of the Australian law could take a number of forms, including ‘one that clarifies how “use of a mark” and “consent of ownership” applies to trade marks, and adjusts such terms to allow for parallel importation’ and ‘one that spells out when the rights afforded to trade marks are exhausted’ (p 347). While the Commission has expressed a preference for the latter approach, leading to its recommendation that the defence to infringement contained in s 123 be amended, we are firmly of the opinion that a focus on the s 123 defence is too limited. As was said in the article referred to above, ‘it is inherently problematic to believe that this is an issue that can be ever be adequately addressed through a defence, by trying to identify with precision all the circumstances in which a defendant will not infringe’.\textsuperscript{67} The New Zealand model (which seeks to identify such circumstances with precision) would certainly be an improvement on the current Australian position, but it has a number of defects, and will not provide parallel importers with an appropriate level of legal protection. Put simply, this is an issue that requires attention to be re-focused on the ‘use as a trade mark’ enquiry under the general infringement provision contained in s 120. We strongly urge the Commission to recommend that any reform of the law must, in addition to looking at the scope of s 123, seek to clarify that parallel importation (as well as the sale of second-hand goods) does not constitute ‘use as a trade mark’ for the purposes of s 120.

\textsuperscript{65} Burrell and Handler, above n 54, 577-8.
\textsuperscript{67} Ibid 129.
INTELLECTUAL PROPERTY RIGHTS AND COMPETITION LAW

**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.

We strongly endorse this recommendation. We note the many occasions on which identical or similar recommendations have been made, particularly the most recent recommendation of the Harper Review. Given the lack of (evidence-based) utility of the provision, there is a strong argument for its repeal. Equally, an earlier proposal to amend the section in line with the recommendation of the Intellectual Property and Competition Review Committee’s recommendation would receive our support. In either case, we support the implementation of guidelines by the ACCC in order to provide much-needed clarity to IP holders as to when their conduct is likely to contravene the Competition and Consumer Act 2010 (Cth).
**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 support the importance of public access to research, but would add certain important qualifications to the general principles stated by the Commission. Many sector policies currently support open access. However, it needs to be noted that for original creative work produced in the Arts and Humanities (and especially outside of STEM where journals and conference publications are most common), books and book chapters remain an important outlet for research.

The Excellence in Research Exercise 2015 noted the following breakdown of outputs submitted by universities:

<table>
<thead>
<tr>
<th>Research Outputs*</th>
<th>2010</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional outputs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book</td>
<td>4,912</td>
<td>5,270</td>
<td>5,488</td>
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<tr>
<td>Book chapter</td>
<td>34,755</td>
<td>39,997</td>
<td>45,269</td>
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<tr>
<td>Journal article</td>
<td>206,616</td>
<td>206,637</td>
<td>301,499</td>
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<tr>
<td>Conference publication</td>
<td>73,741</td>
<td>72,977</td>
<td>69,610</td>
</tr>
<tr>
<td>Non-traditional outputs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Curated or exhibited event</td>
<td>750</td>
<td>777</td>
<td>753</td>
</tr>
<tr>
<td>Live performance</td>
<td>1,307</td>
<td>821</td>
<td>913</td>
</tr>
<tr>
<td>Original creative work</td>
<td>9,062</td>
<td>6,026</td>
<td>5,544</td>
</tr>
<tr>
<td>Recorded/rendered work</td>
<td>1,260</td>
<td>790</td>
<td>727</td>
</tr>
<tr>
<td>Research report for an external body</td>
<td>--</td>
<td>--</td>
<td>2,453</td>
</tr>
<tr>
<td>Portfolio of non-traditional research outputs</td>
<td>374</td>
<td>583</td>
<td>791</td>
</tr>
<tr>
<td><strong>TOTAL</strong>**</td>
<td>338,467</td>
<td>413,477</td>
<td>492,747</td>
</tr>
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</table>

Though publishing contracts are increasingly permitting authors to post a full copy of the publication on a website within a year, this is still not a standard publication clause offered by international or Australian commercial publishers. Authors have limited bargaining power in negotiating terms and for some research areas there can be limited choice in selecting an appropriate publication venue. Whilst the policy objective of making publicly funded research freely available is laudable, there is a need for retention of some flexibility in implementation. Authors need to retain control over outlet choice so that world-standard research is able to reach the most desired readership, impact where it counts and appropriately advance the reputational interest of the researcher and their home institution.

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It is also the case that many commercial publishers have sought to monetise open access, shifting the cost burden of enabling free access back to the sector by charging authors fees to make their publications available in an open access form. Institutions and libraries already pay significant subscription fees to access these same publication databases as well as subsidising the commercial enterprise through the contribution of labour of their academics, who are not paid for their original submissions, peer review services, editorial and journal management roles and recommendation of titles to authors by the publisher. The practice of paying for free access involves a kind of double-dipping into the public purse. The need to pay for open access needs to be more clearly justified, especially given the current funding climate in universities. The practice should be actively discouraged.
INTELLECTUAL PROPERTY’S INSTITUTIONAL AND 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 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 agree that Australia’s trade agreements dealing with IP rights in the period commencing with the AUSFTA do not appear to have been informed by a clear strategy or an assessment of Australia’s national interests in the area of IP law and policy. While AUSFTA, like the TRIPS Agreement before it and the Berne/Paris Conventions before that, is built on a model which seeks to set baselines for aspects of substantive IP law, other models exist for IP reforms that will assist cross-border trade.69

We are not convinced that serious consideration has been given, within the various branches of the Australian government involved in negotiating the IP chapters of Australia’s trade agreements, to whether replication and extension of the TRIPS Agreement and AUSFTA in subsequent agreements makes sense, and whether it would better serve Australia’s interests, and Australian exporters and importers/users of IP, either to develop chapters (a) with different kinds of IP commitments, or, perhaps, (b) more similar to past, less detailed IP chapters. Little consideration appears to have been given to the impact of the proliferation of rules at the international level, in terms of creating unnecessary legal complexity and uncertainty, and policy stultification.

We agree that the process whereby Australia’s negotiating positions on IP are developed is opaque. The secrecy which surrounds negotiations as they occur (for example, the secrecy around the recent TPP negotiations) operates as a serious constraint on accessing appropriate expertise able to dispassionately evaluate proposals in light of the impact of various diverse Australian constituencies. Discussion of treaty texts post-negotiation have failed to assess in any serious way the merits or otherwise of concluded treaties, either immediately following their conclusion or after a period of experience under the treaties.

We are not, however, convinced that a Model Agreement, in the form of drafted text, is the best mechanism for facilitating a discussion: not least because it is likely to encourage the repetition of unnecessary text in multiple agreements, perhaps with small adjustments, which is one of the present problems of Australia’s IP treaties. The IP chapter of an Australia-Fiji Agreement ought to look very different from an agreement with Europe, because the issues would be entirely different.

We suspect therefore that public discussion at a level somewhere between the attempt to pre-draft detailed treaty text, and the current standard of rhetorical platitudes used to describe IP commitments in treaties in Australia’s National Interest Analyses, is more likely to be successful. Perhaps, rather than a model agreement as such, the establishment (via a suitable process of

consultation) of a statement of principles to inform Australia’s negotiating stance would be more useful. The Max Planck Institute has published one set of principles regarding IP negotiations which could be used to inform the process of establishing relevant principles.70

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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).

We strongly support this recommendation which is long overdue and which will finally bring Australian law into compliance with the AUSFTA – more than a decade after that agreement came into effect.