

6 June 2016

The Commissioner
Intellectual Property
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Commissioners,

**Submission to the Productivity Commission on the Productivity Commission Draft Report:
Intellectual Property Arrangements Key Points and Recommendations**

The Law Institute of Victoria (LIV) welcomes the opportunity to comment on the Productivity Commission's Draft Report on Australia's Intellectual Property Arrangements (the Draft Report). The LIV notes that the Law Council of Australia (LCA) has provided a submission on the Draft Report to the Productivity Commission (the Commission). The LIV endorses the LCA's submission subject to the following comments. The LIV's submission is informed by contributions from the LIV's Intellectual Property and Information Technology Committee.

Innovation threshold

Draft Recommendation 6.1

The Australian Government should amend ss. 7(2) and 7(3) of the *Patents Act 1990* (Cth) such that an invention is taken to involve an inventive step if, having regard to the prior art base, it is not obvious to a person skilled in the relevant art.

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

- the intent of this change is to better target socially valuable inventions
- the test should be applied by asking whether a course of action is required to arrive at the invention or solution to the problem would have been obvious for a person skilled in the art to try with a reasonable expectation of success.

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

The LIV agrees in principle to Draft Recommendation 6.1. The LIV submits that raising the innovation threshold required for patent protection would reduce the number of low-value patents. The proposed change would also simplify the test for inventive step and align Australia with international jurisdictions such as the European Union and the United States of America.

The LIV does not support the proposed statement for the Explanatory Memorandum. In particular, the LIV does not consider that the term ‘socially valuable inventions’ is a useful or objective standard.

Objects clause

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, 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 LIV is in favour of incorporating an objects clause into the Patents Act. The LIV believes that having an objects clause in the Patents Act would encourage greater certainty and clarity in decision making regarding patent matters.

The LIV, however, queries the wording of the objects clause as it appears in Draft Recommendation 6.2. The LIV submits that an objects clause should adopt the wording the LIV previously supported in its submission to IP Australia’s Paper *Patentable Subject Matter – Consultation on an objects clause and an exclusion from patentability* (September 2013). A copy of the LIV’s previous submission is enclosed. The object clause wording that the LIV supported in its previous submission is as follows:

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

Linking the Trade Mark On-line Search System database with the business registration portal

Draft Recommendation 11.1 (extract)

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 the registration may infringe an existing trade mark, and to allow for searches of disclaimers and endorsements.

The LIV endorses this recommendation as in its experience, there is still considerable consumer confusion regarding the differences between business name and trade marks, including the impact of

registration and the rights provided under both registration systems. The LIV therefore considers that linking the two databases will allow consumers to more easily search for and understand the availability of particular words as both trade marks and business names. However, given the continued consumer confusion, the LIV submits that linking the databases would work best if clear guidance is provided to ensure that consumers understand the difference between a business name and a trade mark.

If you would like to discuss any of the matters raised in this submission please contact me or Ms Mollie Tregillis, Commercial Law Section Lawyer, on

Sincerely yours,

Steven Sapountsis

President

Law Institute of Victoria