



**Intellectual Property & Competition
Review Committee**

SUBMISSION

by

**THE INSTITUTE OF PATENT AND TRADE MARK
ATTORNEYS OF AUSTRALIA**

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BACKGROUND

The Institute of Patent and Trade Mark Attorneys of Australia (IPTA) welcomes the opportunity to make submissions in relation to the Issues Paper circulated in September 1999 by the Intellectual Property and Competition Review Committee (IPCRC) to its inquiry into the effects on competition by Australia's intellectual property (IP) laws.

IPTA represents patent and trade mark attorneys registered in Australia, both in private and corporate practice. Although membership of IPTA is voluntary, over 90% of patent attorneys registered in Australia are members of IPTA, either as Fellows or as Ordinary Members of the Institute. Most of these members are also registered as trade marks attorneys in Australia. In addition, the membership of IPTA includes other registered trade marks attorneys who are not also registered as patent attorneys. Accordingly, it is considered that the views of IPTA are representative of the views of a large proportion of patent and trade marks attorneys registered in Australia.

As is recognised in the report of the Committee (the "Johns Committee") established by the (then) Minister for Science and Technology, entitled "Review of the Regulatory Regime for Patent Attorneys", published in June 1996, IPTA has for many years had a very important and ongoing role in relation to the development and administration of the IP system in Australia, and is regularly consulted for its views in connection with development of the system both at the legislative and at the administrative levels.

INTERACTION BETWEEN IP LAW AND COMPETITION POLICY.

Recently, the topic of the interaction of intellectual property with competition policy has been addressed by Professor Alan Fels, Chairman of the Australian Competition and Consumer Commission, in the following terms:

“Intellectual property laws encourage innovation by granting statutory exclusive property rights. Without intellectual property laws, third parties might copy the goods produced through the application of intellectual property, thus reducing the incentives to create further intellectual property.

It was once believed that intellectual property laws gave the owners of intellectual property a legal or economic monopoly over a particular piece of intellectual property. This led to concern that the unrestrained application of competition law to intellectual property may undermine the intellectual property rights.

It is now accepted that intellectual property laws do not clash with competition laws because they do not create legal or economic monopolies. Intellectual property laws create property rights and the goods and services produced using intellectual property compete in the marketplace with other goods and services. Only in particular cases will intellectual property owners be in a position to exert substantial market power or engage in anti-competitive conduct.”

IPTA considers that Professor Fels has properly recognised that the intellectual property laws do not create legal or economic monopolies, rather they create exclusive property rights. These rights entitle the holder to exploit the intellectual property in providing goods and services which must then compete in the marketplace with other goods and services, and accordingly are subject to ordinary market forces and general competition principles.

One of the specific issues raised by IPCRC in the Issues Paper (page 6) is the following:

To what extent, if any, should competition criteria be a relevant factor in granting IP protection? If such criteria were introduced, how would they best be administered?

IPTA considers that, to the extent that it is practical to do so, competition criteria should be, and are, taken into account in the granting of IP protection so that IP rights are not granted in situations where it is not appropriate to do so. By way of example, patent rights should not be granted in respect of a product or process or the like which was already known or which was already being used by a third party, as the grant of such rights would improperly impinge on the ability of third parties to compete in the marketplace with respect to such products or processes. These criteria are already taken into consideration in the granting of patent rights in Australia as a result of the search and examination processes carried out by IP Australia prior to the grant of patent rights. Furthermore, pre-grant third party opposition is provided as a further procedure which may be invoked to ensure that patent rights are not granted inappropriately. Similar provisions also apply in relation to the grant of trade mark and design rights by IP Australia.

The activities of IP Australia in the granting of these rights is therefore seen to be a practical implementation of appropriate competition criteria in the process of granting IP protection. In addition, there are provisions for the granting of compulsory licences where an invention is not being worked in Australia and for the removal of a trade mark registration if the trade mark is not being used or becomes descriptive. However, from a practical viewpoint, IPTA does not consider that other, more general aspects of competition policy could be taken into account in granting IP protection as this would introduce a complex and expensive investigation in relation to each application for IP rights that would render the system unworkable and introduce uncertainty into the current IP system.

IP LEGISLATION - SUMMARY AND ISSUES: REGISTRATION SYSTEMS

PATENTS ACT 1990.

In the Issues Paper, (pages 16-17), IPCRC has sought comments on a number of specific patent issues as they relate to competition policy. These are addressed below:

A. CONTENT OF THE RIGHTS

The test of what is patentable material is currently defined by S.18 of the *Patents Act 1990* as “a manner of manufacture within the meaning of Section 6 of the Statute of Monopolies’ (the English Act of 1624). Is this test suitable for the needs of technologies such as computer software and biotechnology? Should the test apply to service industries and business schemes? What is the correct interface between patent protection and other types of IP rights in these areas, for example with copyright for computer software?

IPTA considers that the current test of what is patentable subject matter as set out in Section 18 of the *Patents Act 1990* is suitable both for the needs of established technologies and for the needs of newly emerging technologies such as computer software, biotechnology and the like.

The Australian High Court has clearly acknowledged that the categories of patentable subject matter under the current legislation are ascertained by reference to the concept of what can be considered to be an artificially created state of affairs which is of economic significance. Application of this principle has allowed development of the concept of patentable subject matter to move with the advance of technology over the years to encompass biological processes and other aspects of biotechnology, as well as computer software and so on. IPTA considers that this position is far preferable to the position which exists in some other countries which

have a static, more precise definition of patentable subject matter, as this latter situation has resulted in many of these other countries struggling to develop the concept of patentable subject matter with the advance of technology. Accordingly, IPTA considers that Australia is well served by its current definition of what is patentable subject matter.

One of the justifications of the patent system is that the patentee must fully describe the invention so that others may build on this knowledge and further innovate. How well does the process of describing the invention and the availability of patent information generally meet the objective of providing information about new inventions or technology?

IPTA supports the current requirement that a patentee must fully describe the invention, as this is a fundamental *quid pro quo* for the grant of the exclusive patent rights. There is, of course, an “in-built” delay of 18 months in the publication of the patent specification, and this period is consistent with the position in most overseas countries. Modern communication techniques have made patent information available to the public almost instantaneously following publication, and with modern searching techniques this information is widely accessible. Furthermore, it is a fact that the patent documentation is being widely accessed by third parties, both as a means of providing the basis for further innovation and development and as a means of ascertaining what patent rights exist in particular technology fields.

B. SCOPE OF THE RIGHTS

The standard patent term under TRIPS is 20 years. Is this an appropriate term or is it in Australia’s interests to argue for a shorter term in any relevant TRIPS re-negotiations?

The standard patent term of 20 years is, at best, a compromise, however since this term is provided for under TRIPS, IPTA considers that it is difficult to envisage adoption of some other patent term. The term of 20 years could be regarded as just

sufficient to encourage development in some technology fields, as being excessive in others, and insufficient in yet other fields. It should be noted that, in Australia, the current patent system allows an additional term of up to five years for pharmaceuticals, and this discriminates against inventions in other fields, such as agricultural chemicals, where development time is also lengthy and there is a similar need for regulatory approval and proof of safety and efficacy. It could, in fact, also be argued that the standard term of 20 years is not only too short for many pharmaceuticals and agricultural chemicals but for inventions in other fields which could be regarded as "ahead of their time" in terms of market acceptance. Overall, however, IPTA does not consider that there is any substantial basis for arguing that the standard patent term should be shorter than 20 years.

As recognised in the Issues Paper, existence of patent rights can and often will encourage competition by others leading to further developments such as an improved product or process. The value of the original patent may be reduced when such an improved product reaches the market and, if this happens, the term of the original patent is of lower significance. It may be that quite a long period elapses before such third party competition arises, indicating either a significant difficulty in avoiding the patent - providing a measure of the merit of the invention or original ingenuity applied, or that the third party competitors have a low motivation to compete - indicating that the value of the original patent is not great. Thus, the significance of the term of the patent can be lower than might first appear. It is a fact that few patents are renewed for their full 20-year term, yet many may have been very useful in the earlier years of the patent term in enabling the patentee to establish a position in the marketplace before competition arises in the form of an improved product or process.

The effective scope of a patent is also determined by the breadth of the patent granted. Some concern has been expressed about the very broad rights granted recently in new technologies, particularly in

biotechnology. The Committee would welcome views on whether such concerns are justified and, if so, how this could be remedied.

The scope of the exclusive rights obtained on grant of a patent is determined by the claims in the patent specification as granted. The scope of these claims is determined, not in retrospect, but rather in relation to the scope of the "invention" considered in the light of the prior art at the time the invention was made. If the claims are too broad, they may cover something previously known and accordingly they would be invalid. If the claims are too narrow, however, others might benefit from the invention without infringement of the patent.

The statutory requirement is that the claims must define the invention and be fairly based on the description of the invention contained in the specification. In general, IPTA is not aware that there have been any problems with the application of these general principles until quite recently, where some problems are stated to exist in the field of biotechnology. Referring specifically to early discoveries in the field of biotechnology, it must be recognised that some of the early inventions were indeed significant and quite fundamental advances in the field. Accordingly, what was claimed in the patents granted in respect of these inventions was very broad, but was also novel and inventive at that time. The consequence of such broad claims has meant that subsequent developments may fall within the scope of these broad claims, and it is claimed that others have been inhibited in their developments in this field. IPTA considers that the grant of broad claims does not mean that the exclusive rights so obtained were not justified; rather it reflects the broad and innovative nature at that time of the developments which are reflected in the claims as granted. Clearly, of course, in the light of the subsequent developments in the field of the invention, later developments in the same field will be less broad-reaching and accordingly the scope of the claims in patents granted in respect of these later developments will be much narrower. Despite concern expressed about

the very broad rights granted in some early biotechnology patents, IPTA is not aware of any substantial evidence that biotechnology advancement has been inhibited by these patents, particularly taking into account the existence of the “experimental use” exemption from patent infringement and the fact that compulsory licensing provisions would be available under the *Patents Act 1990* in appropriate circumstances. To summarise, as a general rule, IPTA considers that the scope of claim which is allowable in a patent justifiably reflects the significance of the advance made by the invention in the relevant technological field.

Should the patent right allow for parallel importing of patented goods into Australia?

IPTA notes that whilst parallel importation has become highly contentious in the fields of other IP rights, particularly trade marks and copyright, there does not appear to be major concern in terms of patent rights, and accordingly IPTA does not consider there is any need to change the present position.

C. ADMINISTRATION AND ENFORCEMENT OF THE RIGHTS

By way of preliminary comment, IPTA considers that a critical aspect of the interaction between IP rights and competition policy is that there be certainty in the IP rights which are granted. Such certainty enables the holder of the IP rights to be clear as to the extent of the rights: equally, such certainty entitles other parties to clearly understand the extent of the exclusive rights as granted so that those parties may determine what they can do without infringing the granted rights, or alternatively where they would need to obtain a licence from the holder of the IP rights. Clearly then, certainty in relation to IP rights is an important factor in relation to competition in the marketplace.

Certainty in relation to granted patent rights, in turn, requires high quality search and examination of applications for patent rights by IP Australia, in particular to take into account the Australian context in which those rights are to be enforced. Thus, IPTA considers that the procedures by which patent rights are granted in Australia must be tailored to meet the enforcement requirements of Australian courts. Equally, IPTA believes that in considering the validity of patent rights, Australian courts should give greater recognition to the fact that these rights are only granted after an application has undergone the search and examination procedures of IP Australia.

IPCRC has sought views on how the quality of Australian search and examination processes compares with those of overseas IP offices:-

- **Does the quality of Australian patent examination processes generally meet comparable overseas benchmarks and achieve the correct balance between cost and quality? If not, how can the desired outcome be achieved?**
- **In particular, should the search process be more rigorous or are the associated costs likely to outweigh potential benefits?**
- **Should there be a greater requirement placed on the applicant to disclose prior art, including penalties for failing to comply?**

As noted above, IPTA strongly supports maintenance of the highest possible quality of Australian search and examination processes, and considers that it is important that this high quality is consistently maintained so as to lead to certainty in relation to the granted rights. In recent times, patent examiners in IP Australia have placed greater reliance on search and examination processes undertaken in accordance with the procedures of the Patent Cooperation Treaty, or in corresponding applications in other countries. Of course, avoidance of duplication of work is a desirable objective, as is the reduction of costs that flow as a result.

Notwithstanding this, however, IPTA considers that the search and examination processes of IP Australia should not be dictated by cost considerations, and should instead be dictated by quality considerations, particularly to ensure that the rights which are granted are appropriate in Australia, taking into consideration Australia's IP laws and the relevant decisions of Australian Courts.

IPTA considers that it is difficult to compare the quality of Australian examination processes with comparable overseas benchmarks, particularly since IP laws differ between various countries leading to different considerations being applied during examination. IPTA does consider, however, that IP Australia should continue to place emphasis on improved levels of search and examination consistent with reasonable cost considerations. In fact, the costs of obtaining IP rights in Australia is not high on an international basis, and IPTA considers that the more important consideration for holders of IP rights and for others, is the ability to have greater confidence in the validity of those rights.

Consistent with the comments above, IPTA considers that it is appropriate that an applicant for patent rights should be required to disclose prior art of which it is aware. Some difficulties arise in connection with penalties for failing to comply with such a requirement, particularly in the case where the applicant is a corporate entity, since the question of where the obligation lies can be difficult. Notwithstanding this, however, IPTA notes that the report of the Advisory Council on Industrial Property (ACIP) following its review of enforcement of patent rights (discussed below) suggests an acceptable approach to this problem.

As the patent system becomes increasingly harmonised internationally and as electronic commerce becomes more widely available, what changes might this cause to the efficient administration of patent rights in Australia in the longer term? How can Australia best capture the benefits of these changes?

Whilst there has been some harmonisation of patent laws on an international basis, significant differences between laws still remain on a country-by-country basis, with the consequence that a patent which is valid under the laws of one country may be invalid under the laws of another. Accordingly, true harmonisation of patent laws appears to be a long way off.

Notwithstanding the above, however, there has been significant harmonisation of patent application procedures. Specifically, a large proportion of patent applications internationally are proceeding under the Patent Cooperation Treaty (PCT) which enables the initial filing and handling of a single application and a single specification. Even so, however, the International application as filed must, at a later stage, be converted into separate national or regional patent applications in the countries or regions where patent protection is required, and those separate applications then proceed to grant in accordance with the individual laws and procedures of those countries or regions.

The procedures of the Patent Cooperation Treaty are widely used in respect of inventions made in Australia to obtain these benefits of harmonisation of application procedures. IPTA considers, however, that there must be harmonisation of substantive patent laws, including enforcement of patent rights, before it would be appropriate to go further down the path of international harmonisation.

Currently the “benefit of the doubt” is given to the applicant during examination when an Examiner is unsure whether a particular requirement of the Act has been satisfied for granting the patent. Concern has been expressed that this may cause patent rights to be granted that are not justified. This issue may be related to the presumed lack of validity of the granted patent in any subsequent court proceedings. The Committee would welcome comments on each of these issues, and their possible interaction, particularly as they affect the effectiveness of the patent rights and the efficiency of its enforcement.

IPTA considers that the current application of the “benefit of the doubt” principle in favour of an applicant during examination is appropriate given the present approach of Australian courts to the question of validity of patent rights. IPTA considers, however, the present approach in relation to questions of validity is unsatisfactory and that a granted patent should be entitled to a presumption of validity in Australian courts so as to promote certainty as discussed above. This presumption of validity would be important to enforcement of patent rights and, taken together with modification of the “benefit of the doubt” approach, would create greater certainty in relation to patent rights in Australia. Such a “presumption of validity” would need to be introduced by way of legislative amendment, and IPTA acknowledges that if such a change is made, then consideration would need to be given to modifying the current approach of giving the “benefit of the doubt” to an applicant during examination.

The current practice followed by IP Australia in giving the “benefit of the doubt” to an applicant during examination, following various court decisions in Australia, has been to apply this principle where the arguments presented respectively by the applicant and the Examiner are equally balanced. In such a case, the “benefit of the doubt” is given to the applicant.

IPTA considers that any change in this position, for example to move to the position of granting “on the balance of probabilities”, should only apply to issues of validity (essentially, novelty and inventiveness of the claimed invention), and in particular that any change should not extend to the question of what is patentable subject matter in Australia. As noted above, Australian patent law and practice has been able to very effectively adapt to changes in what constitutes patentable subject matter resulting from changes in technology. This has only been possible through

the applicant being given the “benefit of the doubt” when considering whether new (previously unpatented) subject matter qualifies for protection. Indeed, the major court decisions from which the “benefit of the doubt” principle is derived relate to the issue of patentable subject matter. It is considered that if the test for patentable subject matter was changed, the current ability to adjust with developments in technology would be severely inhibited.

In the *Patents Act 1990*, s.14 on geographic assignment rights and S.144 on contract “tie-ins” overlap with the licensing and assignment provisions of s.51(3) of the TPA. Should changes be made to ss.14 and 144, especially in the light of any changes to s.51(3) as discussed in Section 8 below?

IPTA does not consider that there is any need to make any changes to Sections 14 and 144 of the *Patents Act 1990* in their present form. IPTA supports the retention of s.51(3) of the *Trade Practices Act 1974*, and considers that the amendments to this section proposed by the National Competition Council in its report dated March 1999 are acceptable.

The compulsory licensing provisions of the *Patents Act* have very rarely been used. Does this mean that they are redundant? Should they be repealed or amended? To what extent would the need for these provisions be reduced if the exception in favour of IP were removed from s.44B of Part 111A of TPA?

IPTA considers that even though the compulsory licensing provisions of the *Patents Act 1990* have been very rarely used, this does not mean that the provisions are redundant or not effective. Clearly, they can be seen as being in the background encouraging a patentee to grant a licence when pressed by a potential licensee, with the consequence that the licence may be seen to be voluntary. Thus, these provisions may be effective even if they are not formally invoked, and for this reason IPTA considers that they should be maintained.

Are there any other means by which the effectiveness and efficiency of the patent system, insofar as it bears on competition, could be significantly improved?

IPTA considers that a major deficiency in the patent system in Australia at present relates to enforcement of patent rights. In recent times, many examples have arisen which indicate that the costs of enforcement are too high and the risk of a finding of invalidity of the patent rights significant. Accordingly, IPTA supports the recommendations of ACIP in its Review of Enforcement of Industrial Property Rights (1999) discussed below.

IPTA also notes that to date there have been no legislative amendments to the *Patents Act 1990* as a result of the ACIP Review of the Petty Patent System (1995) which recommended the implementation of an "Innovation Patent" system in place of the present "Petty Patent" system. Whilst IPTA does not support the proposal that the proposed innovation patent is to be granted without examination (essentially for the reasons of certainty discussed above), the present petty patent system is not used to any great extent and the proposed innovation patent could encourage the development and commercialisation of innovations where the inventive level is lower than that required for the grant of a standard patent.

DESIGNS ACT 1906

In the Issues Paper (page 18), IPCRC has also sought comments on a number of specific designs issues as they relate to competition policy. These are addressed below:

A. CONTENT OF THE RIGHTS

The Committee would appreciate views as to whether the interface between copyright and design protection continues to cause concern and in which circumstances.

There is also an interface between designs and patents. Some have suggested that designs should protect functional elements as well as appearance. The Committee invites submissions on whether this interface has been adequately resolved by Government proposals for the innovation patent.

IPTA does not consider that the interface between copyright and design protection is a matter of concern. Similar IPTA does not consider that the interface between designs and patents is of concern. The design system allows registration of a design in respect of its appearance, and IPTA considers that this is important that this be allowed, even where the appearance is dictated by the function of the article. Thus, it would remain the appearance of the article that is protected, rather than the function. Insofar as there may be a gap between the protection afforded by the granted the patent rights and the protection afforded by the granted design rights, this gap would be met in many instances by the introduction of the innovation patent system, although it is important to recognise that the innovation patent system is intended to provide protection for innovations having a lower level of inventive merit and accordingly will be focussed on function of the innovation rather than appearance.

B. SCOPE OF THE RIGHTS

The Committee would welcome views on the protection of spare parts under the designs provisions. In particular, do the current arrangements provide an appropriate balance between providing incentives for producers to develop new designs for spare parts and the interests of consumers in after-markets?

IPTA does not have an established position in relation to the protection of spare parts under the designs legislation. Notwithstanding this, however, IPTA considers that the current designs legislation is largely ineffective, and it considers that the delay in introducing new legislation in response to the report of the Australian Law Reform Commission, dated September 1995, is unsatisfactory. Once again, if an effective system of registration of designs is to exist in Australia, IPTA considers that proper and effective examination procedures must be established so that certainty can be promoted in relation to the resulting design rights, particularly in relation to enforcement thereof. A particular problem which is seen in the current designs registration system is that the scope of protection is construed extremely narrowly, with the consequence that only a minor variation in appearance is needed to avoid infringement of the design rights. As a result, many parties view a design registration as a waste of money. Accordingly, IPTA considers that the design registration system requires revitalisation by providing certainty of the scope and validity of the protection obtained under a design registration.

C. ADMINISTRATION AND ENFORCEMENT OF THE RIGHTS

The Committee invites comments on whether the parallel importation of products protected by the Designs Act should be allowed.

IPTA does not consider that there is any need to change the present position whereby the parallel importation of products protected by design rights should be allowed.

TRADE MARKS ACT 1995

In the Issues Paper (page 19), IPCRC has also sought comments on a number of specific trade mark issues as they are relevant to the terms of reference of the Committee. These are addressed below:

A. CONTENT OF THE RIGHTS

Under TRIPS, all GIs must receive protection, and for those relating to wines and brandy even the term “style” cannot be used. There are currently moves in the TRIPS renegotiations for the protection of “style” to apply to all GIs. Views on what should be Australia’s position in such renegotiations would be welcomed.

IPTA supports the protection afforded to geographical indications (GIs) in accordance with the TRIPS agreement, including the special provisions relating to wines and spirits. However, IPTA does not consider that there is any need for Australia to extend the protection of “style” to apply to all GIs beyond the current provisions prohibiting use which is misleading or likely to mislead the public.

A domain name is a unique identifier name that corresponds with an Internet protocol address. The domain name can be both easy and intuitive to remember. A domain name can be registered as a trade mark provided it meets the requirements of the *Trade Marks Act*. Are there areas of overlap and likely confusion between trade marks, domain names, business and company names? Views on whether this is so and the likely effect on competition are welcomed.

IPTA notes that even before the recent difficulties arose in relation to domain names, there was an unacceptable degree of confusion between trade marks on the one hand and business and company names on the other. This confusion seemed to arise from the different registration systems and governments involved in the respective systems, and it is most unsatisfactory that to date a system has not been developed to avoid this confusion.

Introduction of yet another system for registration of domain names which are, in fact, used in much the same way as a company or business name, has added another level of confusion in the market place, particularly as it is possible to register as a domain name, the trade mark or company or business name of another party. The registration of such domain names in a different registration system and

the use of such domain names on the Internet lead to difficult questions of enforcement, particularly of trade mark rights, and the likelihood of considerable confusion of the public. Accordingly, IPTA considers that the areas of overlap and likely confusion between trade marks, domain names, business and company names, are matters which require urgent and careful consideration.

B. SCOPE OF THE RIGHTS

The absence of the requirement to disclaim non-distinctive elements of a trade mark in the current legislation may be an issue of concern. Does this create uncertainty in the marketplace? Is it an issue likely to have a significant effect on competition?

IPTA considers that in the interests of certainty of trade mark rights, there should be a requirement to disclaim non-distinctive elements of a trade mark to thereby provide a clear indication of the scope of the registration. As discussed above in relation to patent rights, IPTA considers that certainty of scope and validity of trade mark rights is critical, both from the point of view of the holder of the rights in terms of enforcement, and from the point of other parties to enable them to determine what can be done without infringing the exclusive trade mark rights. The system of trade mark registration provides a relatively simple and inexpensive means of obtaining exclusive and enforceable rights in a trade mark.

C. ADMINISTRATION AND ENFORCEMENT OF THE RIGHTS

The Committee would welcome comments on the effectiveness and efficiency of the administrative and enforcement aspects of the trade mark system and on the resulting impacts on competition.

As indicated above, IPTA considers that continued emphasis should be placed on quality of search and examination of applications for registration of trade marks by IP Australia with the objective of providing a certainty with regard to the scope and

validity of the granted rights. IPTA notes, with interest, that ACIP has commenced a formal review of enforcement of trade mark rights to complement its already published review which focussed on enforcement of patent rights.

COMMON LAW PROTECTION AND CONSUMER PROTECTION LEGISLATION

In the Issues Paper (page 20) the following issue is raised:

The Committee would welcome views on the extent to which non-statutory rights could act as alternatives to the legislated rights set out above, and consideration of the effects of the current non-statutory rights on competition.

IPTA considers that both statutory, registered rights and non-statutory rights have a place in the IP system in Australia. It points out, however, that statutory, registered rights provide greater certainty both for the holders of the rights and for others since the existence of statutory, registered rights can be ascertained by searches of public registers which provide clear notice of these registered rights. The existence of non-statutory IP rights does provide a degree of uncertainty in that the existence of these rights can adversely affect other parties who may make investment and other commercial decisions in ignorance of the existence of these non-statutory rights. IPTA does not consider that non-statutory rights could act as alternatives to the statutory, registration IP rights presently available in Australia.

NATIONAL COMPETITION COUNCIL REPORT

In the Issues Paper (page 22) IPCRC seeks comments on the following issues relating to s.51(3) of the *Trade Practices Act 1974*:

What does s.51(3) protect in practice?

What would be the consequences of repeal of s.51(3)?

What would s.51(3) protect if amended in the manner recommended by the NCC?

Are there other approaches to obtain the benefits of s.51(3) that are more appropriate?

In its submissions to the National Competition Committee, IPTA indicated that it considered that s.51(3) of the *Trade Practices Act* should be retained. IPTA considers that the amendments recommended by the NCC in its final report are acceptable, and believes that no further action should be taken in respect of s.51(3).

ENFORCEMENT OF IP RIGHTS

The Issues Paper (pages 25 and 26) raises the following issues:

In what ways does the current enforcement environment affect the effective access to the IP rights by smaller firms?

Is there any scope for addressing enforcement issues in a way that would better protect IP rights, and promote competition?

What are the implications for enforcement arising from the issues raised in this Issues Paper?

In relation to enforcement, IPTA supports the recommendations of ACIP in its Review of Enforcement of Intellectual Property Rights (1999), which focussed on enforcement of patent rights, and welcomes the proposed further review by ACIP of enforcement of trade mark rights. IPTA considers that enforcement is a major problem with the current IP system in Australia both on the basis of cost and on the basis of the uncertainty of the scope and validity of the granted rights. Accordingly, IPTA supports any initiatives which would lead to a reduction in the cost of enforcement, as well as to increased certainty in the scope and validity of the granted rights.

In its submissions to ACIP during the review of enforcement of IP rights, IPTA emphasised its general support for the proposals put forward by ACIP as follows:

“...on the basis that it is a package of measures. Any changes to the system involve a complex interaction of respective rights and considerations and whilst several of the recommendations might individually be otherwise objectionable, the interaction with other recommendations in the report provides an improved overall outcome. In our view it would for the most part be exceptionally dangerous to selectively adopt some of the recommendations of the report without various of the other recommendations.”

IPTA also notes that in its Review of the Petty Patent System (1995), and in its Review of Enforcement of Industrial Property Rights (1999), ACIP discussed the question of whether the court system in Australia could provide an alternative inferior jurisdiction to hear minor IP matters at lower cost than under the current system. The enforcement report in particular noted proposals for the establishment of a federal inferior court system such as a federal magistracy, and suggested that if such a system was to be established, there may be an opportunity to appoint federal magistrates with IP qualifications to hear minor infringement matters and possibly other matters arising under the IP legislation. IPTA notes that the Federal Magistrates Court, also to be known as the Federal Magistrates Service, has now been established with the express intention of providing a quicker, cheaper option for litigants. Federal magistrates are to be selected for their expertise in federal matters. Whilst the initial focus of this new Federal Magistrates Service will be on family law, it has already been given jurisdiction under other federal legislation. Accordingly, IPTA considers that there is now an opportunity to again consider the question and to investigate an extension of the jurisdiction of the Federal Magistrates Service into the area of IP law. Appointment of magistrates with IP qualifications both to take appeals from decisions of IP Australia, and to provide a specialised court of first instance in matters of validity and infringement of IP rights,

could provide a convenient, quicker and cheaper forum in IP disputes. Of course, appeals to the Federal Court itself would still have to be available, and cases of significant value would be likely to be pursued on appeal, however in other matters the decision of a specialist magistrate may be sufficient to resolve the matter.

CONCLUSION

IPTA submits that there is no conflict in Australia between the property rights granted under the IP legislation and competition policy, and suggests that Australia's interests are best served by ensuring high quality search and examination systems within IP Australia leading to certainty in the scope and validity of the granted IP rights, together with efficient and effective procedures for enforcement of these granted IP rights.