

INTELLECTUAL PROPERTY & COMPETITION REVIEW COMMITTEE: ISSUES PAPER  
SUBMISSION BY ATTORNEY-GENERAL'S DEPARTMENT

Page 2: Introduction

The issues paper states that, "From a economic perspective, the IP laws ought to provide incentives for efficient investment in innovation." Later in the page it is stated, "for example, given that IP rights are granted to the first person or corporation to register an invention..." Although later in the paper, at page 10, it is acknowledged that copyright and circuit layouts protection arise automatically without registration, and protection depends on the originality of the work or layout and not the novelty of the idea, the impression that all IP is about innovation, as conveyed in page 2, is misleading.

Page 6: Issue - should competition criteria be a relevant factor in granting IP protection?

In the view of this Department the criteria for conferring protection under the Copyright Act and the Circuit Layouts Act should remain the originality of the work or layout and the qualification of the creator by reference to nationality or residence of the creator in Australia or a convention country, or other connection between the work, such as publication in Australia or another convention country. Under the Berne Convention (art. 2(2)) countries may require an original work to be fixed in a material form for it to attract protection. Otherwise, it seems implicit from art. 2(6) that no additional pre-condition to protection - such as compliance with competition criteria - could be imposed. Competition principles or criteria may be relevant in determining the scope of exceptions to the exclusive rights comprising copyright or protection for eligible layouts.

Page 6: Issue - the possibility of fostering cooperation between bodies which administer intellectual property law and bodies which administer competition law

This issue does not seem to apply to the Copyright Act and the Circuit Layouts Act, as there is no body administering the law in the same way as IP Australia administers the industrial property laws. In so far as the Copyright Tribunal administers the Copyright Act through its jurisdiction to determine licensing disputes and other functions, its whole jurisdiction is the subject of an inquiry currently being conducted by the Copyright Law Review Committee, which is due to report by the end of April 2000.

Page 7: WIPO

In the paragraph headed “WIPO” it is stated that, “significantly there are no formal mechanisms for the enforcement of WIPO agreements”. In fact art. 33 of the Berne Convention and art. 30 of the Rome Convention provide for the settlement of disputes between Contracting Parties concerning the interpretation and application of those conventions by recourse to the International Court of Justice. Admittedly, no country has, so we understand, ever invoked these provisions, and it may be significant that no such provision was included in the two WIPO treaties adopted at the 1996 diplomatic conference copyright.

Page 9: Should Australia's position as a net importer affect its negotiating stance on TRIPs, and if so, in what way?

Australia's stance in the negotiations on the World Trade Organisation (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and in the negotiations on the WIPO Copyright Treaties of 1996 has been one of supporting a reasonable level of protection of copyright but resisting some proposed new standards that it regarded as excessive. For instance, Australia joined with other countries in opposing any restriction on the possibility of international exhaustion of distribution of copyright materials. It also opposed a broad national treatment requirement in regard to "related rights" ie, protection of sound recordings, performances and broadcasts.

Page 9: Issues relevant to Australia's position in terms of issues scheduled for review under TRIPs?

Copyright and circuit layouts protection are not the subject of any formal requirement under the TRIPs Agreement for review in the impending review under the terms of that agreement (the “TRIPS 2000” review). This is not to deny the possibility that, in the discussions at Seattle in November-December 1999 or thereafter, countries may put copyright or circuit layouts protection issues on the agenda for future review by the WTO or the TRIPs Council.

Page 9: “CER is not part of Australian domestic law”

An agreement - whether bilateral or multilateral - to which the Australian Government is a party is only ever part of Australian domestic law to the extent that it has been made so by legislation by the Australian Parliament.

Pages 10-11: Copyright Act - summary

It is stated that "the required standard of originality is set at a relatively low level compared to that required for patent protection." The Department notes that there are

limits on the possibility of making a useful comparison between copyright and patent protection. It understands that novelty is the requirement for patent protection, whereas originality is one of the requirements for copyright to subsist. To compare the two is like comparing apples with oranges.

Further down it is stated that "copyright protects the *expression* of the protected ideas, but not the ideas themselves." The Department notes that copyright can subsist in original expression of ideas, whether or not the ideas are protected by any law.

Page 11: Comments on the proposed changes to the Copyright Act contained in the Digital Agenda Bill in terms of their likely effects on competition

The Department awaits the Committee's advice on the competition implications of the reforms contained in the Copyright Amendment (Digital Agenda) Bill 1999 (the Digital Agenda Bill). In the meantime, the Department draws the Committee's attention to the House of Representatives Standing Committee on Legal and Constitutional Affairs' inquiry into the Digital Agenda Bill. Further information about the Committee's inquiry may be found at [www.aph.gov.au/house/committee/laca/digitalagenda/inqinf.htm](http://www.aph.gov.au/house/committee/laca/digitalagenda/inqinf.htm).

The Committee is due to report in the week beginning 6 December 1999. The Government will then respond to the Committee's report.

Page 11: Is the Copyright Act the most appropriate mechanism to protect computer software?

This issue was thoroughly considered in the 1995 report of the Copyright Law Review Committee (CLRC) on *Computer software protection*. As noted by the CLRC in that report, the TRIPs Agreement specifically requires the protection of computer programs "as literary works under the Berne Convention" (Article 10(1)). As discussed in Chapter 4 of its report, the CLRC, while doubting that copyright was the most appropriate form of protection for computer programs, noted that there was no choice for Australia, as a member of the WTO and TRIPs, but to maintain that form of protection.

Page 11: Does the overlap between the Copyright Act and the Patents Act have effect on competition?

There is not really an overlap between protection under the Copyright Act and protection under the Patents Act. Copyright protects the form of the program - the code in the case of a program in machine-readable form. It is understood that patent protection is directed at a program that constitutes an invention. The comparison

between the two forms of protection was also discussed by the CLRC in its report, at paragraphs 4.07-4.09.

Page 11: Does dual protection for software and hardware under copyright and circuit layouts legislation affect competition?

Computer programs protected under the Copyright Act are different items from integrated circuit layouts that are protected under the *Circuit Layouts Act 1989*. See the definition of “computer program” in s.10(1) of the Copyright Act and the definitions of “circuit layout” and “integrated circuit” in s.5 of the Circuit Layouts Act.

Page 13: Should Australia consider extending the term of copyright protection?

While the Department awaits the advice of the Committee on the question, it draws attention to a very contemporary survey of the history of an arguments about the duration of copyright in chapter 6 of the second edition of the *Law of Intellectual Property: Copyright Designs and Confidential Information* by Sam Ricketson (LBC 1999).

Page 14: Caching and the exception for temporary reproductions proposed in the Digital Agenda Bill

The issues paper states that “forward” or “proxy” caching is unlikely to be covered by the exception for temporary reproductions proposed in the Digital Agenda Bill. It further asks what should be Australia’s approach in the Copyright Act to forward or proxy caching.

Item 45 of the Digital Agenda Bill inserts new s. 43A in the *Copyright Act*. Section 43A(1) provides that “the copyright in a work, or an adaptation of a work, is not infringed by making a temporary reproduction of the work or adaptation as part of the technical process of making or receiving a communication”. Section 43A(2) provides that this exception does not apply to temporary copies made in the course of an unauthorised communication. A corresponding provision in relation to subject-matter other than works is contained in the new s.111A (see Item 94 of the Digital Agenda Bill).

The Department draws the Committee’s attention to submissions provided to the House of Representatives Standing Committee on Legal and Constitutional Affairs during the Committee’s inquiry into the Digital Agenda Bill. Copyright users have made submissions to the Committee to the effect that the exception for temporary copies may not be broad enough as it may not extend to all forms of caching. By way of contrast, some copyright owners have made submissions that the temporary copies exception is too broad as it applies to all forms of temporary reproductions and

caching. They have argued that the exception should not extend to reproductions generated as a result of a caching process as caching is not technically necessary or indispensable to the process of accessing material online. Some copyright owners would prefer an exception that is limited to temporary reproductions that are transient, internal to the equipment used for the communication and technologically indispensable. Further, they argue that copyright owners should be able to decide what browsing of their works can be freely undertaken.

The purpose of the new exception in Items 45 and 94 is to ensure that the technical processes which form the basis of the operation of new technologies such as the Internet are not jeopardised. The exception for temporary copies is intended to apply to temporary copies including those that are not necessarily essential to the technical process. There is a strong public interest in providing an exception for temporary copies (such as those created in the process of caching) for the effective, efficient and timely operation of communication networks. Furthermore, such temporary copies are regarded as having no material impact on the potential market for the relevant copyright material.

The Department notes that the exception has the effect of excluding from the reproduction right copies made by a caching process. In the Department's view, it is not appropriate for the Digital Agenda Bill to provide technical detail in relation to exactly what forms of caching will fall within the scope of the new exception. Such an approach would create technology-specific legislation that would quickly become outdated as technology continues to evolve rapidly.

As noted above, the House of Representatives Standing Committee on Legal and Constitutional Affairs' is due to report on the Digital Agenda Bill in the week beginning 6 December 1999. The Government will then respond to the Committee's report.

#### Page 15: Issues relating to the Circuit Layouts Act , and its potential effects on competition

The second paragraph under the heading of the Act on page 13 includes the statement that an "eligible layout" is defined as an original circuit layout that, inter alia, was "first commercially exploitable in Australia or in an eligible foreign country" (emphasis added). The definition that this quotes, in s.5 of the Act, provides that an eligible layout is an original circuit layout "(b) that was first commercially exploited in Australia or in an eligible foreign country" (emphasis added). The same paragraph quotes the definition of "circuit layout" as a "representation, fixed in any material form, of the three-dimensional **section** of the active and passive elements and interconnections making up an integrated circuit" (emphasis added). The definition in s.5 of the Act reads, "representation, fixed in any material form, of the three-dimensional **location** of the active and passive elements and interconnections making up an integrated circuit" (emphasis added). The same paragraph quotes the definition

of “integrated circuit” as “a circuit, whether in final form or an intermediate form, the purpose, or one of the purposes, of which is to perform an electronic function, being a circuit in which the active and **positive** elements, and any of the interconnections, are integrally formed in or on a piece of material” (emphasis added). The definition in s.5 of the Act reads, “a circuit, whether in final form or an intermediate form, the purpose, or one of the purposes, of which is to perform an electronic function, being a circuit in which the active and **passive** elements, and any of the interconnections, are integrally formed in or on a piece of material” (emphasis added).

In considering the impact on competition of the Act, the Department suggests that the Committee have regard to the exceptions in Division 3 of Part II. In particular, s.24 deals with exhaustion of the right of “commercial exploitation”, as defined in s.8, in an eligible layout. In general, this and the other exceptions are more extensive than exceptions to copyright rights.

Page 23: Comments on the CLRC’s Report on the *Simplification of the Copyright Act*

The issues paper invited submissions on the views expressed by the CLRC in its report on the *Simplification of the Copyright Act 1968* and the extent to which the CLRC’s recommendations would impact on the effectiveness and efficiency of the copyright system. The Department notes that under the Committee’s terms of reference, it is to have regard to the conclusions and recommendations in recent reviews affecting copyright legislation, including the CLRC’s report, that have not yet been responded to by the Government.

Some of the recommendations in the CLRC’s report have already been adopted in the Digital Agenda Bill. The Government will shortly begin comprehensive consideration of the CLRC’s report. The Department will be consulting with copyright interests on the outstanding recommendations in the CLRC’s report in the forthcoming months.

Page 24: Issue - invitation for submissions on recommendations of the *Review of Australian Copyright Collecting Societies* (the Simpson report) and the *Don't Stop the Music!* report.

The issues paper invited submissions on any of the conclusions or recommendations in the Simpson report or the *Don't Stop the Music!* report as “recent reviews concerning Australia’s IP system to which the Government has not yet responded.” Both of those reviews included a large number of recommendations to copyright collecting societies themselves, rather than to the Government. The principal copyright collecting societies in Australia are private companies which collectively licence copyright on behalf of their various members and, as such, operate independently of the Government. In particular, APRA and PPCA (whose activities were the exclusive focus of the *Don't Stop the Music!* report) operate independently of the Government. The Government has a limited supervisory role over particular collecting societies in

relation to their operation as societies declared by the Attorney-General to administer the statutory licences under Parts VA and VB of the Copyright Act for copying by educational and other institutions.