



**THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA**

4 December 2017

**WEBSITE: [www.ficpi.org.au](http://www.ficpi.org.au)**

**By email**

To: [consultation@ipaaustralia.gov.au](mailto:consultation@ipaaustralia.gov.au)

To: Brett Massey and Lisa Bailey  
IP Australia

Dear Brett and Lisa

**Draft Legislation: Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Bill and Regulations 2017**

FICPI Australia has considered the draft legislation for public comment that includes measures to implement aspects of the Government's response to the Productivity Commission's (PC) inquiry into Australia's Intellectual Property Arrangements.

**About FICPI Australia**

As you may be aware, FICPI Australia is an organisation whose members are all registered Patent Attorneys, Trade Marks Attorneys, or registered Patent and Trade Marks Attorneys who have senior roles in IP firms conducting business in Australia and represent both Australian and overseas based clients.

**Response**

As would be noted, FICPI Australia has previously made comment at different times with respect to the IP measures and the PC's inquiry, and generally is supportive of the draft Bill and regulations, except those associated with the abolition of the innovation patent system.

**Innovation Patent Abolition**

FICPI Australia reiterates that it is strongly opposed to the abolition of the innovation patent system. Contrary to the reasons provided by the PC in their final report and the government's response as outlined in the Explanatory Memorandum, FICPI Australia considers that the abolition of the innovation system will mitigate the ability of SMEs to benefit from their innovation efforts.

Abolishing the innovation patent system removes a layer of IP rights otherwise available to SMEs at a time and cost commensurate to their commercialisation activity, forcing them to obtain remaining substantive IP rights that the government is intent on 'raising the bar' to make it more difficult and expensive for SMEs to access.

Indeed, this appears to be contradictory to government innovation policy where a lower standard than 'inventive step' applies to SMEs meeting research and development incentive scheme criteria to be eligible for the tax offset on the one

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hand and abolishing the innovation patent system on the other hand having a largely commensurate innovative step level.

Thus, FICPI Australia consider that the abolition measure will introduce delays and extra expense for SMEs whom have previously taken advantage and use of the innovation patent system, which on proper interpretation of the statistics relied upon by the PC, still constitutes a high proportion of Australian SMEs who undertake patenting activity per se. Further, we consider that the measure would in fact further stifle innovation of SMEs by taking away protection that would enable them to effectively commercialise their novel innovations in Australia that have an 'innovative step', making them more prone to being copied by competitors who are larger and/or who are not required to incur the expense of a research and development phase.

### **Consultation Questions**

Question 1: *Are there any scenarios not captured by the amendments where the trade mark owner and associated entity could make an arrangement to prevent parallel imports? Are there any scenarios where the amendments operate to excuse conduct that is not a legitimate parallel importation?*

No such scenarios have been brought to our attention.

Question 2: *Should services be captured in the proposed amendment? Are there any scenarios in which a service could be a parallel import? For example, could software, platforms or infrastructure be provided as a service (e.g., providing access to hosting or storage environments) that could be a parallel import?*

We do not see a need for services to be captured in the proposed amendment and no scenario where a service could be a parallel import has been brought to our attention. The computer-related scenarios mentioned are speculative and hypothetical and we consider it not good policy to legislate against speculative and hypothetical conduct in the context of preventing anti-competitive behaviour. We consider it appropriate to limit legislative change in this area to situations where it is actually demonstrated to be causing a problem to competition.

Question 3: *Part 12 of Schedule 2 provides for a PBR exclusive licensee to bring infringement proceedings. Should an exclusive licensee of the PBR grantee also be able to make an application for a declaration?*

We are unaware of any special circumstances existing where it would be inappropriate for an exclusive licensee to make an application for a declaration.

Question 4: *Is it appropriate for the second variety to meet all the ordinary criteria for registration in subsection 43(1)? If there are reasons why a particular criterion is not appropriate to include, please provide reasons. For example, is the requirement in s 43(1)(e) an unreasonable requirement to impose on the applicant for a declaration when they may not be aware of previous sales by the second breeder?*

We are unaware of any special circumstances existing that make it inappropriate for the second variety to meet all the ordinary criteria for registration in subsection 43(1).

Question 5: *Does the commercial-in-confidence test strike the right balance between protecting the privacy of parties and ensuring that all information relevant to the decision is available to all interested parties?*

We are unaware of any circumstances that would indicate as to why the commercial-in-confidence test should not be applied.

Question 6: *Is it appropriate for the applicant for a declaration to pay all costs associated with the test growing, or is another arrangement more appropriate? For example, should the second breeder instead pay those costs?*

No comment.

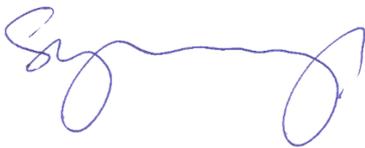
Question 7: *Is the definition of exclusive licensee appropriate? Would it be interpreted as requiring an assignment or a transmission to the licensee?*

Concerns have been raised with us regarding the scope of the exclusive licence granted and that it may be appropriate to allow for divisibility of the exclusive licence akin to the definition provided under the Copyright Act. FICPI Australia would be supportive of such.

We consider that the definition of exclusive licensee as proposed could be improved to avoid the uncertainty created by the present wording, although we consider it unlikely that in the absence of expressly mentioning that it is an assignment, it would be interpreted as requiring an assignment or a transmission to the licensee. For the avoidance of doubt, FICPI Australia would not be supportive of the definition requiring an assignment or transmission, or the proposed definition purporting to operate as an assignment or transmission, and that the exclusive licence rights be distinct from those still residing with an owner of the PBR.

If further comment would like to be sought from FICPI Australia on any particular aspect of the draft Bill and regulations, FICPI Australia would be happy to oblige. Please contact our Secretary, Bill McFarlane or myself in relation to this matter.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Suzanne', written in a cursive style.

President – FICPI Australia