
The Parliament of the Commonwealth of Australia

Advisory Report

Intellectual Property Laws Amendment Bill 2013

House of Representatives
Standing Committee on Social Policy and Legal Affairs

June 2013
Canberra

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Membership of the Committee

Chair	Mr Graham Perrett MP
Deputy Chair	The Hon. Judi Moylan MP
Members	The Hon. Laurie Ferguson MP Ms Michelle Rowland MP Ms Laura Smyth MP The Hon. Dr Sharman Stone MP Mr Ross Vasta MP
Supplementary Member	Mr Dan Tehan MP

Committee Secretariat

Secretary	Dr Anna Dacre
Inquiry Secretary	Ms Pauline Cullen
Administrative Officer	Ms Katrina Gillogly



Terms of reference

On 30 May 2013 the Selection Committee referred the Intellectual Property Laws Amendment Bill 2013 to the House of Representatives Standing Committee on Social Policy and Legal Affairs for inquiry and report.



List of abbreviations

IP	Intellectual Property
TRIPS	Trade related aspects of intellectual property rights
WTO	World Trade Organisation



List of recommendations

Recommendation 1

The Committee recommends that the House of Representatives pass the Intellectual Property Laws Amendment Bill 2013

Intellectual Property Laws Amendment Bill 2013

- 1.1 On 30 May 2013 the Intellectual Property Laws Amendment Bill 2013 was introduced into the House of Representatives.
- 1.2 On 30 May 2013 the Selection Committee referred the bill to the Standing Committee on Social Policy and Legal Affairs for consideration of the concerns regarding the implications of the amendments particularly plant breeder's rights and the trans-Tasman patent application and examination processes.

Scope of the Bill

- 1.3 The Hon Yvette D'Ath, Parliamentary Secretary for Climate Change, Industry and Innovation stated in the second reading speech:

The key to our intellectual property system is striking the right balance between encouraging innovation and providing equitable access to new technologies.¹
- 1.4 This omnibus bill proposes changes to a range of legislation that will:
 - allow the Australian Intellectual Property (IP) system to be more responsive to the needs of consumers;
 - more efficient for Australian entrepreneurs; and
 - more supportive of other countries facing health emergencies.²

1 The Hon Yvette D'Ath, Parliamentary Secretary for Climate Change, Industry and Innovation, *House of Representatives Hansard*, 30 May 2013, p. 11.

2 The Hon Yvette D'Ath, Parliamentary Secretary for Climate Change, Industry and Innovation, *House of Representatives Hansard*, 30 May 2013, p. 11.

- 1.5 The Bill amends the following legislation *Patents Act 1990*, *Trade Marks Act 1995*, *Designs Act 2003* and the *Plant Breeder's Rights Act 1994*.
- 1.6 The Bill is divided into six schedules:
- Schedule 1 – Crown use;
 - Schedule 2 – TRIPS Protocol interim waiver;
 - Schedule 3 – TRIPS Protocol: later commencing amendments;
 - Schedule 4 – Plant Breeder's Rights Act 1994: Federal Circuit Court;
 - Schedule 5 – Australia New Zealand Single Economic Market; and
 - Schedule 6 – Other Amendments.

Crown Use

- 1.7 There are currently seven mechanisms in the *Patents Act 1990* (the Patents Act) that allow a patented invention to be exploited without the patentee's authorisation. They include compulsory acquisition, Crown use and Crown acquisition.
- 1.8 Crown use is one of the provisions which allow the Australian and State Governments and their agencies to use a patented invention without the permission of the patent owner.³
- 1.9 Crown use does not require the owner's permission before use however the owner of the patent must be informed as soon as possible and provided with any information that is reasonably required.
- 1.10 Crown use provisions have been rarely used. This low rate of use and past reviews have indicated that reforming Crown use may be necessary particularly around the scope of Crown use and improving transparency and accountability of governments seeking to use the provisions.⁴
- 1.11 The Productivity Commission recently undertook a review of the Crown use provisions as part of their review into *Compulsory Licensing of Patents*.⁵ Their review process included stakeholder consultation. Two recommendations were made regarding amendments to the Patents Act.
- 1.12 This Bill implements these two recommendations. The first recommendation of the Productivity Commission clarifies the conditions under which Crown use can be invoked in relation to services that Australian, State and Territory Governments have the primary responsibility for funding.

3 Productivity Commission, *Compulsory Licensing of Patents*, No 61, 2013, p. 17.

4 Productivity Commission, *Compulsory Licensing of Patents*, No 61, 2013, p. 168.

5 Productivity Commission, *Compulsory Licensing of Patents*, No 61, 2013.

- 1.13 The second recommendation of the Productivity Commission sets out the process to be followed before and after invoking Crown use, including in emergency situations and where ministerial approval is required.
- 1.14 IP Australia explains the need for the amendments:
- ... it gives greater certainty for the Crown in using the system, because at the moment the definition of the Crown is quite uncertain at the edges. Many government services are administered by private entities that are funded or sponsored by the government. The bill introduces a provision that looks at whatever service is predominantly provided or funded by the Commonwealth and states that that is within the ambit of the Crown use provisions.⁶
- 1.15 Dr Matthew Rimmer states an example of where Crown use needed to be clarified:
- In terms of the dispute over Myriad Genetics and Genetic Technologies Ltd ... the Cancer Council of Australia said that one of the major problems in terms of trying to short-circuit that dispute between patent owners threatening action against government health providers was a lack of clarity on Crown use.⁷
- 1.16 The amendments around Crown use were described by Dr Rimmer as being timely and significant and also long overdue.⁸
- 1.17 Dr Rimmer states:
- I think that the provisions make the Crown exploitation of inventions much clearer in terms of when they can be invoked. ... It should also be noted that, in certain circumstances, such conditions can be waived in terms in emergencies. I think that a really critically important part of the reforms is that they also deal with Crown exploitation in relation to domestic emergencies, which could arise, for instance, in relation to issues about access to essential medicines.⁹
- 1.18 Dr Luigi Palombi provides an alternative view, stating:
- The suggestion has been made that there is some urgency in getting this legislation through. An example that was mentioned was the Myriad case. I take a slightly different view to that. I think the existing provision is actually more than adequate. That
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6 Mr Philip Noonan, Director-General, IP Australia, *Transcript of evidence*, Canberra, 6 June 2013, p. 1.

7 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 3.

8 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 3.

9 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 7.

provision has been part of the law, effectively, since Federation or even going back before then under English legislation.¹⁰

- 1.19 Dr Palombi also questions the need for clarification in the legislation stating:

I think part of the reason for the clarification that has been proposed in this legislation is to overcome any ambiguity in that regard. To the extent that the legislation does that and makes it clear that it does not matter whether the service is being funded by a government authority or provided by a government authority, the Crown has the right to use the Crown use powers.¹¹

- 1.20 Dr Palombi added:

I think the problem with Crown use is not so much the scope of the powers; it is just the reticence on the part of the relevant authorities within the state and federal bodies actually exercising that power.¹²

- 1.21 Dr Rimmer proposed that the reticence in use could be due in part to the uncertainty around the provisions. He states:

There seems to be a problem in terms, perhaps, of conservative interpretation of the current Crown use provisions. However, the language is such that a number of the submissions to the Productivity Commission raised concerns about the uncertainty in terms of interpreting those provisions. So I do think it is necessary to clarify the Crown use provisions and to modernise the provisions, and also to deal with circumstances that are not properly dealt with under the current legislation – like questions of emergencies, which is a very critically important issue, which is not properly delineated in terms of the regime.¹³

- 1.22 In response to concerns that the proposed Crown use provisions are general and apply to all contexts, not just health, IP Australia explains the key role of ministerial approval:

... the bill reflects the policy very clearly articulated in the Productivity Commission that, in exchange for a broadening and a greater certainty, ministers must take responsibility for their actions and accountability for the decisions they make to appropriate what is a property right.¹⁴

10 Dr Luigi Palombi, *Transcript of evidence*, Canberra, 6 June 2013, p. 5.

11 Dr Luigi Palombi, *Transcript of evidence*, Canberra, 6 June 2013, p. 6.

12 Dr Luigi Palombi, *Transcript of evidence*, Canberra, 6 June 2013, p. 6.

13 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 8.

14 Mr Philip Noonan, IP Australia, *Transcript of evidence*, Canberra, 6 June 2013, p. 1.

TRIPS Protocol

- 1.23 One mechanism for helping countries access vital medicines is provided under the patent system. The World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement) sets out the minimum requirements for intellectual property protection for WTO Member states. Australia is a signatory to the TRIPS Agreement and complies with its provisions.¹⁵
- 1.24 Detail about the issues around export of patented pharmaceuticals to countries experiencing a health crisis can be found in the Explanatory Memorandum.¹⁶
- 1.25 The TRIPS Protocol was drafted to help address the issue of the exporting of pharmaceuticals under compulsory licence. Following an inquiry in 2007, acceptance of the TRIPS Protocol was recommended by the then Joint Standing Committee on Treaties. Australia signed the TRIPS Protocol in September 2007.
- 1.26 In April 2010, IP Australia released a consultation paper to seek the views of the public on a model for implementing the TRIPS Protocol. The public had six weeks to provide submissions. On 17 August 2012, IP Australia publicly released an Exposure Draft of the proposed legislative amendments to implement the Protocol. Again a period of six weeks was allowed for comments.
- 1.27 IP Australia described the amendments in Schedules 2 and 3:
- ... an amendment to the TRIPS agreement to allow developed countries, who had the capacity to manufacture pharmaceuticals, to do so under a compulsory licence in support of a developing country that was facing a health emergency but did not itself have the capacity to produce the drugs that were necessary for its population. Schedules 2 and 3 implement those proposals.¹⁷
- 1.28 Dr Rimmer comments:
- The question about access to essential medicines in some ways is even more important. It has been a decade since the World Trade Organisation General Council decision laid down the framework to establish a regime for the export of essential medicines.¹⁸

15 Intellectual Property Laws Amendment Bill 2013, Explanatory Memorandum, p. 23.

16 Intellectual Property Laws Amendment Bill 2013, Explanatory Memorandum, pp. 22-28.

17 Mr Philip Noonan, IP Australia, *Transcript of evidence*, Canberra, 6 June 2013, p. 1.

18 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 3.

1.29 Dr Rimmer adds:

It should be noted that a wide range of other countries have already implemented their obligations in relation to the WTO General Council decision. ... I guess the problem in terms of the scheme has been not enough countries that have implemented the regime thus far.¹⁹

1.30 Dr Palombi does not think the bill should be passed in haste and comments:

It seems to me that, in view of the issues concerning health and given what is happening with the pharmaceutical patents review, rather than pass legislation like this in a piecemeal way perhaps it would be more appropriate to wait for the government to respond to the pharmaceutical patents review final report and then put the legislation together.²⁰

1.31 Dr Rimmer comments that there have been many opportunities and avenues for different stakeholders to make comment since the WTO General Council decision 10 years ago. He adds:

If anything, Australia has probably taken too long to put in place a proper mechanism for access to essential medicines.²¹

1.32 In relation to the issue of compliance with international treaty obligations, IP comments:

... that this bill extends to non-WTO countries. It is certainly possible to say that maybe the TRIPS agreement should not extend to countries like East Timor, but the bill very clearly, in the explanatory memorandum, adopts the policy position that it should extend to every country, because if a country were to come to us and say, 'We have a health emergency; you're the only one that can help us,' then it would just be an unreasonable position to say, 'No, you don't belong to a particular club; we can't help you'.²²

1.33 IP Australia concludes:

That frees-up Australia's hand to help out countries who are in often desperate need, but it introduces enough accountability and oversight, particularly through the Federal Court determining the terms of the licence and there are a number of criteria that must be

19 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 3.

20 Dr Luigi Palombi, *Transcript of evidence*, Canberra, 6 June 2013, p. 10.

21 Dr Matthew Rimmer, *Transcript of evidence*, Canberra, 6 June 2013, p. 10.

22 Mr Philip Noonan, IP Australia, *Transcript of evidence*, Canberra, 6 June 2013, p. 10.

respected in the legislation, to make sure that the system is not overused and patent owners are appropriately protected.²³

Plant Breeder's Rights

- 1.34 Schedule 4 of the bill proposes that the *Plant Breeders Rights Act 1994* will be amended to enable the owners of plant breeder's right to take action against alleged infringers in the Federal Circuit Court.
- 1.35 The amendments are designed to provide a means to resolve disputes about the infringement of plant breeder's rights in a way that is quicker and less formal than the Federal Court.
- 1.36 No issues arose during the inquiry process in relation to this Schedule.

Australia New Zealand Single Economic Market

- 1.37 Schedule 5 proposes a single patent and examination process which will streamline the processes for applying for patents in Australia and New Zealand as well as the examination of common applications.
- 1.38 Patents will be able to be examined by a single examiner in either country and would lead to patents being granted in Australia and New Zealand, taking into account the separate national laws. In addition this Schedule, if passed, will implement a bilateral arrangement for the trans-Tasman regulation of patent attorneys in both Australia and New Zealand.
- 1.39 This arrangement provides for a single trans-Tasman register of patent attorneys, with registration giving a person the right to practice as a patent attorney in both countries, along with other measures designed to improve the consistency in patent attorney services provided in Australia and New Zealand.
- 1.40 The proposed amendment arises from an extensive consultation process which followed the announcement of the single patent examination process by the Australian and New Zealand Prime Ministers in 2011.
- 1.41 This consultation process included a discussion paper, release of drafting instructions for proposed legislation to key Australian stakeholders, regular updates for industry and consideration by the Productivity Commission in their *Strengthening economic relations between Australia and New Zealand* review.²⁴
- 1.42 No issues arose during the inquiry process in relation to this Schedule.

23 Mr Philip Noonan, IP Australia, *Transcript of evidence*, Canberra, 6 June 2013, p. 1.

24 Productivity Commission, *Strengthening trans-Tasman economic relations*, November 2012.

Other amendments

- 1.43 Part one of Schedule 6 is designed to ensure that IP Australia's retention of documents is governed by the *Archives Act 1983* only.
- 1.44 Current legislation administered by IP Australia requires patents, trademarks and design documents to be stored for an extended period of time. These amendments will ensure that the storage of documents is consistent with the Archives Act.
- 1.45 Part two of the Schedule addresses some minor oversights in the drafting of the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012*.
- 1.46 No issues arose during the inquiry process in relation to this schedule.

Committee Comments

- 1.47 The consultative processes for each of the schedules in the bill were extensive and have provided opportunities for many issues to be considered in some depth.
- 1.48 The Committee is pleased to see that the recommendations of the Productivity Commission relating to Crown use provisions have been implemented in the proposed legislation in Schedule 1. In conducting its review of compulsory licensing of patents, the Productivity Commission produced an issues paper, a draft report and held a public hearing as well as meetings with stakeholders. The Committee is confident that this consultative process has addressed any significant issues.
- 1.49 The Committee is aware there have been difficulties with the existing Crown use provisions and believes that maintaining the status-quo could result in continued uncertainty about when Crown use could be invoked. The Committee does not believe that the provisions in Schedule 1 will result in an increase in Crown use. The Committee is aware of only two instances where Crown use has been invoked and welcomes the idea that its use is clarified so that in future, where necessary, the provision can be used with more certainty.
- 1.50 The Committee welcomes the actions of the Government to ensure that developing countries experiencing a health crisis can access vital medicines quickly and reasonably, which also respects the rights of patent owners.

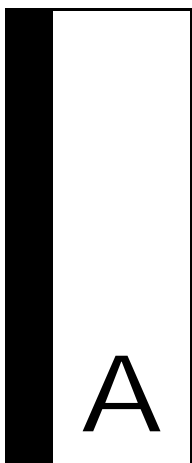
- 1.51 The amendment which enables the Federal Court to grant and amend licences under the TRIPS protocol is a proposal that has been through extensive consultation, both government and public.²⁵
- 1.52 Introducing regulation to implement the TRIPS protocol in Australia to provide for another avenue for developing countries to obtain vital medicines is a worthy and entirely necessary step in the view of the Committee.
- 1.53 Although the Committee is aware that some have raised concerns about implementation, the outcome is long overdue and the Committee does not consider any of the concerns raised are sufficient to delay the implementation.
- 1.54 The Committee notes that the change proposed in Schedule 4 to allow owners of plant breeder's rights the option of taking action in the Federal Circuit Court rather than the Federal Court is supported by the review of the Advisory Council on Intellectual Property. The Committee supports streamlining processes for owners of plant breeder's rights to take action against alleged infringers and consider the Federal Circuit Court to be an appropriate avenue to hear such cases.
- 1.55 The Committee is aware that the Australia and New Zealand single economic market initiative proposed in Schedule 5 has undergone significant public consultation as well as involvement of key stakeholders in regular briefings. The Committee is unaware of any issues regarding single patent application and examination processes for Australia and New Zealand and considers there are clear advantages to the scheme. The Committee sees these measures as part of a broader regulatory harmonisation between Australia and New Zealand that extends the Trans-Tasman cooperative trade opportunities and provides greater certainty for business.
- 1.56 This omnibus Bill proposes a number of changes across the IP framework. The Committee is satisfied that the amendments proposed have been appropriately developed with extensive consultation and adjustment from stakeholders.
- 1.57 The Committee considers the Bill provides a set of progressive and appropriate initiatives and the Committee recommends that the Intellectual Property Laws Amendment Bill 2013 be passed by the House of Representatives.

25 Intellectual Property Laws Amendment Bill 2013, Explanatory Memorandum, p. 37.

Recommendation 1

The Committee recommends that the House of Representatives pass the Intellectual Property Laws Amendment Bill 2013.

Graham Perrett MP
Chair



Appendix A—List of witnesses appearing at Public hearing

Thursday, 6 June 2013 - Canberra

IP Australia

Mr Brendan Burke, Director, Domestic Policy

Mr Philip Noonan, Director General

Ms Frances Roden, Director, Domestic Policy

Private capacity

Dr Luigi Palombi

Dr Matthew Rimmer