Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Budget Estimates 2004-2005, 31 May 2004 to 2 June 2004

AGENCY/DEPARTMENT: IP AUSTRALIA
TOPIC: INTELLECTUAL PROPERTY ISSUES
REFERENCE: HANSARD 31/5/04, PAGES E125-126

QUESTION No.21
(Hansard 31/5/04, p.E125)

Senator Carr asked about:

Can you provide details of the Government response to the Intellectual Property and Competition review?

ANSWER

A copy of the Government's response to the final report by the Intellectual Property and Competition Review Committee — Review of intellectual property legislation under the Competition Principles Agreement - is provided at Attachment 1. The report made 26 recommendations in total. Recommendations 11-23 relate to patent matters. The outstanding recommendations requiring amendments to the Patents Act are recommendations 15, 17 and 18.

QUESTION No.22
(Hansard 31/5/04, p.E125)

Senator Carr asked about:

Can you provide a copy of the Advisory Council on Intellectual Property report on a consideration of whether the jurisdiction of the Federal Magistrates Service should be extended to include patent, trade mark and design matters?

ANSWER

Yes. Copies of the report have been provided to the Senate Economics Legislation Committee secretariat. The report is also available at www.acip.gov.au.

QUESTION No.23
(Hansard 31/5/04, p.126)

Senator Carr asked about:

With regard to the US free trade agreement ... Can you provide copies of any formal advice provided to DFAT by IP Australia in relation to the IP chapter of the agreement?

ANSWER

IP Australia has no record of providing any formal written advice to DFAT on the Intellectual Property chapter of the Australia - United States Free Trade Agreement. IP Australia had discussions with DFAT and contributed to the development of the Government's negotiating position on relevant intellectual property issues. The documents associated with these discussions are internal documents central to the deliberative processes of the Government and therefore it would not be appropriate for IP Australia to provide copies of these documents.

ATTACHMENT 1

GOVERNMENT RESPONSE TO INTELLECTUAL PROPERTY AND COMPETITION REVIEW RECOMMENDATIONS

IPCR Recommendation	Government Response
COPYRIGHT	
1. Parallel importation under the *Copyright Act 1968*.	
The Committee recommends repeal of the parallel importation provisions of the *Copyright Act 1968*, with a 12-month transitional period for books. We also recommend that the Government consider a program aimed at informing the book industry of the changes and of the options created by the new environment.	On 27 June 2000 the Government announced its intention to amend the Copyright Act to allow parallel importation of books, periodicals, printed music and software products, including computer-based games. The *Copyright Amendment (Parallel Importation) Bill 2001* passed the House of Representatives on 27 June 2001 and is currently before the Senate. This follows the success of the 1998 amendments allowing the parallel importation of sound recordings that have created lower prices and more choice for consumers. To date the Government has taken an industry by industry approach, responding to reports and other clear evidence of potential benefits to business and consumers. The Government is not considering removing restrictions on the parallel importation of remaining categories of copyright material including film products. As recommended by the Intellectual Property and Competition Review Committee (IPCRC), the introduction of parallel importation for books will be implemented 12 months after the passage of amending legislation to assist the book industry in the transition to the new business environment. It should be noted that the book industry, including the publishing and printing sectors, will benefit from special Commonwealth adjustment assistance from indirect tax reforms. The Book Industry Assistance Plan will provide up to $240 million over 4 years to writers, publishers, printers and consumers.
2. Copyright term	
The Committee is not convinced there is merit in proposals to extend the term of copyright protection, and recommends that the current term not be extended. We also recommend that no extension of the copyright term be introduced in future without a prior thorough and independent review of the resulting costs and benefits.	Accept. The Government has no plans to extend the general term for works (life of the author plus 50 years). It is considering extending the existing term of protection for photographs from 50 years after publication to life of the author plus 50 years, in line with the WIPO Copyright Treaty of 1996.

3. Fair dealing and the Digital Agenda Act.	
The Committee believes the Digital Agenda Act strikes a reasonable balance between the interests of copyright owners and the interests of users of copyrighted material. We stress the importance to the Australian community of ensuring that libraries can discharge their functions as disseminators of information in an online world. The Committee does not believe that the libraries and archives provisions of the Act will detrimentally affect the capacity for development of online markets. However, we recommend a thorough examination of the effects of the library and archives provisions on markets including libraries and archives, and end-users of copyrighted material, as part of the Government's proposed three-year review of the operation of the Digital Agenda Act. We also recommend the operation of the new right of first digitisation and its effects on the market place and on consumers be considered in the three-year review.	Accept. The Government welcomes the IPCRC's endorsement of the balanced approach taken in the Digital Agenda Act. The terms of reference for the 3 year review will include a thorough examination of the effects of the libraries and archives provisions on copyright owners' markets and the ability of libraries to discharge their important community function as disseminators of information in the online world. The amendments in response to the Legal and Constitutional Affairs Committee's recommendation regarding first digitisation will also be examined as part of the 3 year review in terms of their effect on the market place and consumers.
The Committee is broadly satisfied that the Government's approach to the issues associated with technological protection measures preserves a reasonable balance between competing interests. However, we would be concerned if the use of technological locks, perhaps accompanied by greater reliance on contract, were to displace or in any way limit the effectiveness of fair dealing provisions. As a result, we urge that the review of the provisions of the Digital Agenda Act encompass a careful consideration of the evolving role of technological measures in the copyright system.	Accept. The Government is committed to ensuring that its approach to the issues associated with technological protection measures preserves a reasonable balance between competing interests. This issue will also be examined as part of the 3 year review of the Digital Agenda Act. The Copyright Law Review Committee (CLRC) has been given a reference to report by 30 April 2002 on the use of agreements, particularly in the on-line environment, to modify the exceptions to the exclusive rights of copyright owners. The Government looks forward to receiving the CLRC's report on this issue.
4. Copyright protection of computer software	
The Committee supports the introduction of amendments to the Copyright Act to allow decompilation for the purposes of interoperability. The Government should review the operation of the Computer Programs Act to ensure that the wording of the amendments permits all legitimate acts necessary to allow the creation of interoperable products.	Accept. The Government welcomes the IPCRC's support for the amendments to the Copyright Act to allow decompilation for the purposes of interoperability. It is agreed that there should be a review to ensure that the amendments permit all legitimate acts necessary for the creation of interoperable products and other legitimate purposes specified in the legislation. It is proposed to incorporate this in the 3-year review of the operation of the Digital Agenda Act. This would not preclude an earlier examination of the provisions should there be any reported problems with their operation.

We recommend that Australia's position in negotiations on the issue of protection of compilations and databases—as part of WIPO negotiations and the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS)—be determined by a cost/benefit analysis to Australian society.	Accept. While there are no negotiations on TRIPS in prospect, Australia is participating in negotiations through the WIPO Standing Committee on Copyright and Related Rights (SCCRR) covering possible new international protection for databases. The SCCRR has asked WIPO to commission a study of the economic impact of any such new protection. If the negotiations lead to a draft treaty text, the Government will also look carefully at the specific cost/benefit to Australian society.
5. Caching — temporary reproductions	
The Committee recognises that, at least at present, caching appears to be of considerable significance to the efficiency of the Internet; and that the transaction costs to secure licences to cache could be prohibitive for ISPs. As a result, Government policy should help ensure that this efficiency-enhancing activity is not prohibited.	Accept. The Government agrees that it is desirable to promote the efficient operation of the Internet and notes that the objects section of the Digital Agenda Act includes ensuring that the relevant standards which form the basis of new communication and information technologies, such as the Internet, are not jeopardised.
If there is evidence that the defence in new ss. 43A and 111A inserted by the Digital Agenda Act does not sufficiently cover caching, then our view is that the Act should be amended to rectify this. For example, s. 43A of the Digital Agenda Act could be modified to include the phrase: 'other works temporarily made merely as an element in and so as to enhance the efficiency of the technical process of making or receiving a communication'.	Accept. The Government accepts that it should monitor the object of the IPCR Committee's concern, and will ensure that the issue is covered by the 3-year review of the operation of the Digital Agenda Act. The Government agrees that the operation of ss. 43A and 111A should be monitored. However these provisions were not intended to cover certain types of caching (eg. forward caching) where the activity involves more than purely technical reproductions. The issue of whether to expand ss.43A and 111A as suggested by the IPCRC will be included in the 3 year review of the Digital Agenda Act.
6. Crown ownership of copyright	
The Committee does not believe that the Crown should benefit from preferential treatment under the Copyright Act as compared with other parties. As a result, we recommend that s. 176 of the Copyright Act be amended to leave the Crown in the same position as any other contracting party.	Accept in part. The Government will consider the best means to achieve the objective of eliminating unjustified preferential treatment The Government accepts it should not benefit from preferential treatment that is unjustified, and will first look at development of best practice policy guidelines for crown ownership of copyright in Commonwealth agencies that could be more immediately effective and serve as a model for other jurisdictions.

7. Broadcast fee price capping (s152)	
To achieve competitive neutrality and remove unnecessary impediments to the functioning of markets on a commercial basis, the Committee recommends that s. 152 (8) of the Copyright Act be amended to remove the broadcast fee price cap.	The Government does not accept that action on the recommendation to amend s.152(8) of the Copyright Act is required at this stage. Following detailed examination of the IPCR Committee recommendation, the ceiling will be maintained on the basis of ensuring that copyright legislation continues to be fair and effective in balancing the interests of copyright owners and copyright users and in acknowledging that contractual arrangements are in place. The ceiling: - Provides certainty for national, commercial and community radio broadcasters; - Limits the requirement for community broadcasters and the SBS to seek additional funding from Government to meet significant increases in these payments; and - Reassures rural and regional commercial radio broadcasters that significant increases in these payments will not be of magnitude to impinge on their viability.
We recommend that no change be made in relation to the ABC under s. 152(11) of the Copyright Act.	The Government accepts the IPCR Committee determination that the Australian Broadcasting Corporation is not a participant in the relevant market for commercial broadcasting activity. As a result, no change will be made to s.152(11) of the Copyright Act.
8. Statutory licensing scheme	
The Committee recommends that the current statutory licensing scheme remain unchanged at this time.	The report clarifies that while changes to the relevant provisions are not required, the Committee has concerns regarding the implementation of collective administration of rights associated with statutory licences. These concerns are reflected in recommendations relating to collecting societies and the Government has responded to these recommendations directly.
9. Collecting societies	
The Committee recommends that the grounds for ministerial revocation (s. 135ZZC of the Copyright Act) be broadened to cover all collecting society arrangements, both input and output, including the disclosure of information to members and the public. Relevant ministers should issue guidelines to each collecting society, in the spirit of a contract between the society and the community, that specify the Government's expectations regarding the society's conduct, including in terms of the information required to be disclosed and the process for disclosure.	Accept in part. The Government is working with all the collecting societies as they move to adopt a voluntary code of practice which will addresssome important concerns raised by the IPCRC's recommendation. The Government has outlined some initial public policy expectations to collecting societies, which address licensing practices, good governance and other activities of the societies as guidance in the development and adoption of the code. In the light of the code, the Government will also review relevant provisions of the Act, regulations and guidelines relating to the requirements for declaration, revocation and compliance by collecting societies operating under the statutory licences as raised by the IPCRC.

Assuming a continued role for the Copyright Tribunal over the output arrangements of statutory societies in respect of compulsory licences, there should be scope for the Tribunal to play a similar role in respect of other licences. The required mechanism should be for the ACCC to determine whether a reference should be made to the Copyright Tribunal, based either on the application by a collecting society, or from an actual or potential licensee, taking account of: • any market power that can be exercised by the collecting society; • whether there are alternative means of dispute resolution that could be used and that would impose less burden on the public; and • the public interest in balancing public access to copyright material with the legitimate commercial interests of copyright owners.	In relation to the proposed ACCC mechanism, it is agreed that: • The ACCC be required by statute to issue guidelines on what matters it considers to be relevant to the determination of reasonable remuneration and other conditions of licenses that currently can or will be able to be the subject of determination by the Copyright Tribunal under Part VI of the Copyright Act; and • the Copyright Act be amended to ensure that the Copyright Tribunal has the discretion to take account of the ACCC guidelines and admit the Commission as a party to Tribunal proceedings. The ACCC will consult with interested parties in developing its guidelines. The main purpose of the guidelines would be to facilitate licence negotiations and minimise resort to the Tribunal for a determination. In the event that negotiations failed and one or other party applied to the Tribunal, recourse to the Tribunal would not be restricted in any way. The nature of ACCC's guidelines would be advisory, not determinative. It is also agreed that ADR mechanisms for copyright owners, collecting societies and users be encouraged as part of these processes to ensure access to affordable and equitable alternative means of resolving disputes between parties in a licensing or potential licensing agreement. Independent ADR mechanisms have been proposed in several recent reports and it is clear there is a need to encourage ADR at various points in the dispute resolution process. The IPCRC recommends an ADR process prior to disputes reaching the Tribunal. Internal ADR processes that each collecting society has (or may) establish are also being explored as part of the Government input for the voluntary industry code of conduct. In such ADR processes it is anticipated that the mediator would find the ACCC guidelines beneficial for reference.
If the Committee's proposed changes to s.51(3) of the Trade Practices Act are accepted, then collecting societies would have to seek authorisation from the ACCC for those activities that fall within the scope of the prohibitions in the Part IV of the Trade Practices Act. If the Committee's proposed changes to s. 51(3) of the Trade Practices Act are not accepted, the Government should ensure a requirement for such authorisation through specific legislative amendment. In the Committee's view, the ACCC should ensure that such authorisations are reviewed periodically (for example, every three years).	Accept. The Government's proposed amendments to subsection 51(3) ensure that collecting societies would have to seek authorisation for conduct that falls within the scope of the Part IV prohibition.

10. CLRC Report - Simplification of the Copyright Act	
The Committee recommends that, in considering the CLRC report on fair dealing, the Government should ensure the balance between owners and users remains clear and certain. We do not believe there is a case for removing the elements of the current Copyright Act, which define certain types of conduct as coming within the definition of fair dealing.	Accept. In making this recommendation the IPCRC noted its view that 'the current balance between owners and users of copyright material should be maintained in the digital environment.' The Government agrees and certainly intends to preserve the balance and certainty provided by the Digital Agenda Act fair dealing provisions and other exceptions in responding to the CLRC recommendations. The Government will take the Committee's views into account in its further consideration of the CLRC report recommendations.
The Committee does not believe that it would be appropriate, at this stage, to proceed with the CLRC's Part II recommendations. This is because we are not convinced that the benefits to the community as a whole would be outweighed by potential costs due to uncertainty surrounding the operation of a new regime.	Accept in principle, subject to process outlined below. The Government is keen to ensure that the Copyright Act provides a certain regime for all copyright industries and the community generally. The IPCRC's concerns about the lack of certainty that could arise from adopting the new regime in Part II will therefore be taken very seriously in formulating the Government's response.
PATENTS	
11. Manner of manufacture	
The Committee believes that Australia has on the whole benefited from the adaptiveness and flexibility that has characterised the 'manner of manufacture' test. As a result, we recommend that this test be retained.	Accept.
The Committee recommends that the Patent Office ensure in its examination practice that the use described in the specification is specific, substantial and credible to a person skilled in the art.	Accept. These tests are already broadly included within current examination practice under the grounds of manner of manufacture and fair basis but the Government will ask IP Australia to ensure that examination covers all aspects of use being specific, substantial and credible.
The Committee recommends that where substantial areas of uncertainty exist in application of the patent law, particularly in respect of the threshold tests for granting a patent, IP Australia should initiate test cases so as to resolve the issues expeditiously.	Accept.

12. Inventiveness or obviousness test	
The prior art base for inventive step currently takes regard of documents available publicly anywhere in the world, but only of acts and common general knowledge in the patent area (ie. Australia). The Committee recommends that the prior art base for obviousness should include all information, including acts and common general knowledge, anywhere in the world which a person skilled in the art could have been reasonably expected to find, understand and regard as relevant.	Accept in part. This recommendation seeks to align the threshold test for inventive step with international standards. The Government notes that the restriction on the prior art base to information " which a person skilled in the art could have been reasonably expected to find, understand and regard as relevant" is unnecessarily restrictive and would result in the test differing from that in major patenting countries. This qualification is already in the Patents Act and it will be removed. To ensure that information which can be used to establish lack of inventive step can also be used to establish lack of novelty, the prior art base for novelty will also be amended to include acts anywhere in the world. This issue is currently under consideration by the World Intellectual Property Organisation (WIPO) Standing Committee on the Law of Patents (SCP). As the aim of the recommendation is to more closely align Australian standards with international standards, the Government will monitor international developments and further amend the legislation if necessary.
The Committee also recommends that, when considering inventive step, it should be permissible to combine two or more documents or parts of documents, different parts of the same document or other pieces of prior art where such a combination would have been obvious to the person skilled in the art.	Accept. This issue is also currently under consideration by WIPO in the SCP. The Government will monitor international developments and further amend the legislation if necessary.
13. Administration	
The Committee recommends that the scope for, and impact of, implementing more steeply rising renewal fees for patents be considered by IP Australia.	Accept. The Government will ask IP Australia to include an examination of the scope for, and impacts of, implementing more steeply rising renewal fees within the next fee review.
14. Innovation patent	
The Committee strongly supports the Advisory Council on Intellectual Property (ACIP) Review of Petty Patents recommendations on the innovation patent, and urges the Government to expeditiously progress the relevant changes to the Patents Act. We believe that the role of the innovation patent will be enhanced if the Committee's proposals for higher thresholds for the standard patent are implemented.	Accept. Legislation to implement the innovation patent system commenced on 24 May 2001.

15. Section 119 of the Patents Act - prior use rights	
The Committee recommends that s. 119 (1) (a) and (b) of the Patents Act be amended to make it clear that the prior use be only in the patent area and that this use includes experimental use. A majority of the Committee recommends that only the actual prior user should be able to have the benefit of s. 119.	Accept in part. The Government agrees that the prior use should be limited to use in the patent area, but it is not necessary to qualify the nature of the use. Assignees, but not licensees, of the prior user should have the benefit of s 119. The Government believes that the limitation of the prior use to making a product or using a process is too narrow and that it should encompass acts which would constitute an infringement of the patent.
16. Provisional patent applications	
The Committee is not convinced of the need to amend the current arrangements regarding provisional patent applications. However, we believe there is merit in introducing a grace period for public disclosure affecting the prior art base for novelty and inventive step. In the event that moves to introduce such a grace period are made by the European Patent Organisation on an expeditious basis, in the context of the European Patent Convention, then the introduction of a grace period in Australia should be coordinated with its introduction in Europe. However, if it appears that such moves in Europe will take more than five years from October 2000, then Australia should seriously consider proceeding before its European counterparts. When introduced, IP Australia should actively inform inventors in Australia of the implications of the grace period, and also of the risks that disclosure may incur to patentability in jurisdictions without a grace period.	Accept. The Government accepts that there is no need to amend the current arrangements with respect to provisional patent applications. The Government has already announced its intention to introduce a 12 month grace period. While coordination of the introduction of a grace period in Australia with its introduction by the European Patent Office may be convenient, the Government will move to implement the grace period in Australia as soon as is practicable. We will introduce a 12 month grace period prior to the filing date of the complete application initially, but will coordinate the introduction of a 12 month grace period prior to the priority date with its introduction in other countries. In international fora, Australia will support the introduction of a grace period. IP Australia will actively inform users of the patent system of the effects of the grace period.
17. Sections 144-146 of the Patents Act - contracts	
The Committee recommends that ss. 144–6 of the *Patents Act 1990* be repealed, as these provisions are not soundly based on efficiency considerations, and as the conduct they address is better dealt with through the provisions of s51(3) of the Trade Practices Act, amended in line with the Committee's recommendations.	Accept. The Committee's recommended changes to subsection 51(3) are largely accepted.

18. Section 133 of the Patents Act - compulsory licensing	
The Committee recommends that s. 135 of the Patents Act be repealed and that s. 133(2) be amended to include an order requiring a compulsory license to be made if and only if all of the following conditions are met: a) access to the patented invention is required for competition in the (relevant) market; b) there is a public interest in enhanced competition in that market; c) reasonable requirements for such access have not been met; d) the order will have the effect of allowing these reasonable requirements to be better met; and e) the order will not compromise the legitimate interests of the patent owner, including that owner's right to share in the return society obtains from the owner's invention, and to benefit from any successive invention, made within the patent term, that relies on the patent. Such orders should be obtainable on application first to the Australian Competition Tribunal, with rights of appeal to the full Federal Court.	Accept in part. Compulsory licensing is one of the more contentious and politically sensitive TRIPS issues and therefore in considering this recommendation the Government has taken into account the need for consistency with international standards. In principle, the Government supports the Committee's recommendation to make the compulsory licensing of patents subject to a competition test. However, as it stands, this recommendation would limit the grounds on which to obtain a compulsory licence to the situation where access to patented technology is required to ensure competition in the (relevant) market, rather than the broader grounds based on the 'reasonable requirements of the public.' Depending on its interpretation, this could preclude situations where compulsory licensing could be argued to be valuable from a public policy perspective. For this reason, a competition test alone is not sufficient as: (a) the recommended test may be more stringent in some circumstances than the existing tests and may result in the compulsory licensing provisions ceasing to act as an incentive to negotiate a voluntary licence; and (b) a competition test will not cover some situations where the non-working of the invention, or other effective denial of reasonable access to it, has some negative effect on the public interest which is not dependant on competition in the market. Accordingly, the Government believes that the existing tests should be retained and a competition test be added as an additional ground on which a compulsory licence can be obtained. It is inappropriate that applications for compulsory licences be considered by the Australian Competition Tribunal in the first instance because the Tribunal is essentially a review body. In addition, it is not the appropriate body to hear applications for compulsory licences under the 'reasonable requirements of the public' test and, in view of the likely difficulties if applications under different grounds were to be heard by more than one body, the Government considers that all applications for compulsory licences should be considered by the Federal Court in the first instance.
19. Stringency of test for patentability	
The Committee recommends changing the Patents Act to require a 'balance of probabilities' approach to be used during examination, rather than conferring the 'benefit of the doubt' to the applicant as at present.	Accept. The proposed change is in line with the standard applied by the courts and with international standards. The report indicates that the change was envisaged in relation to novelty and obviousness. This is consistent with recommendation 2 of the ACIP enforcement report and the legislation will be amended accordingly.

20. Quality of examination	
The Committee recommends that IP Australia devote additional resources to improving the quality of examination, particularly to prior art search processes, including through enhanced use of information technology. We also recommend that IP Australia continue to explore cooperation with other intellectual property offices in the region, including the possibility of forming a Patent Office covering East Asia, Australia and New Zealand.	Accept in principle. IP Australia is currently undertaking a number of initiatives to improve the quality of examination and searching (for example benchmarking with overseas offices and the implementation of a quality system and quality standards which aligns with the ISO 9000 international standard) and will continue to devote resources to improvements in these areas. IP Australia will continue to co-operate with relevant IP offices to pursue issues of harmonisation, mutual recognition and other means of simplifying the patent system.
21. Disclosure of prior art	
The Committee recommends that the Patents Act be amended to require applicants to continuously disclose to IP Australia any prior art material that comes to their attention up until the date of advertisement of notice of acceptance. A company applicant must make 'reasonable enquiry' within its own organisation about what prior art is known to the company. Intentional non-disclosure of prior art would lead to a patent being unamendable, to reflect that prior art, after acceptance.	Accept in principle. The Government accepts that the disclosure requirements should be strengthened but is concerned that the recommendation imposes a significant burden on applicants and would not necessarily improve the administration of the patents system. Disclosure of the results of searches conducted in respect of the subject matter of the invention up to grant of the patent will therefore be required.
22. Patent hearing mechanism	
The Committee recommends that Patent hearings should continue to be pre-grant and the responsibility of IP Australia. On this basis, a specialist hearings section would not be established, but there would be a senior officer directly responsible to the Commissioner of Patents for hearings, with hearings officers continuing to be drawn from senior examination staff of the Patent Office. We also recommend that IP Australia take further measures to improve the perceptions of the hearings process being independent of, and more generally fair and equitable to, all parties.	Accept. The Government will ask IP Australia to appoint a senior officer directly responsible to the Commissioner of Patents for hearings and to take further steps to improve the transparency of the hearings process.
23. Patent appeals, challenges and enforcement in the Courts	
The Committee recommends that the Federal Magistracy be used as a lower court for the patent system, particularly for matters relating to the innovation patent.	Response deferred. The Government has asked ACIP to consider this issue in more detail. Issues to consider include whether the volume of patent cases would justify specialist magistrates and, given the complexity of many patent cases, the difficulties in finding magistrates with the appropriate expertise in IP matters.

TRADE MARKS	
24. Parallel importation	
The Committee recommends the Trade Marks Act be amended to ensure that the assignment provisions are not used to circumvent the intent to allow the parallel importation of legitimately trade marked goods.	Accept in principle. The Government accepts that the assignment provisions in the Trade Marks Act should not be used to prevent parallel importation of legitimately trade marked goods in cases where an assignment has been used for the purpose of preventing parallel importation. The Trade Marks Act will be amended accordingly. Care will be taken in drafting the amendments to ensure the legitimate rights of trade mark owners engaged in international trade are not eroded.
25. Disclaimers	
The Committee recommends that: • mandatory trade mark disclaimers not be re-introduced; • voluntary trade mark disclaimers be encouraged and that: • it should be made clear in the legislation that the use of a voluntary disclaimer should not adversely affect the registrability of the mark, which must be determined by considering the distinctiveness of the mark as a whole; however, courts, when awarding relief in disputes, should be directed through the legislation to take account of whether the trade mark owner has appropriately defined the scope of the right by the use of voluntary disclaimers over any non-distinctive elements in the mark.	Response deferred. The Government notes that this issue is currently being looked at in detail by ACIP in their Review of Trade Mark Enforcement. This recommendation will be responded to in conjunction with that report.

TRADE PRACTICES	
26. Section 51(3) of the Trade Practices Act	
The Committee recommends that intellectual property rights continue to be accorded distinctive treatment under the Trade Practices Act (TPA). This should be achieved by: • amending s. 51(1)(a)(i) of the TPA to *list* all the relevant intellectual property statutes, that is 'an Act relating to patents, trade marks, designs, copyright, circuit layouts and plant breeder's rights'; • repealing the current s. 51(3) and related provisions of the TPA; and • inserting an amended s. 51(3) and related provisions into the TPA to give effect to ensuring that a contravention of Part IV of the TPA or of section 4D of that Act shall not be taken to have been committed by reason of its imposing conditions in a licence, or the inclusion of conditions in a contract, arrangement or understanding, that relate to the subject matter of that intellectual property statute, so long as those conditions do not result, or are not likely to result in, a substantial lessening of competition. The term 'substantial lessening of competition' is to be interpreted in a manner consistent with the case law under the TPA more generally. The ACCC should be required by the legislation to issue guidelines as to the manner in which it will implement any enforcement activities related to these provisions. These guidelines should provide sufficient direction to owners of intellectual property rights to clarify the types of behaviour likely to result in a substantial lessening of competition. Provisions should exist within the guidelines for parties to seek a written clearance from the ACCC. This written clarification process should operate in a similar fashion to the 'letters of comfort' provision included in the ACCC's Merger Guidelines. The ACCC should be required to consult widely with intellectual property owners, users, licensees, facilitators and the public generally in preparing these guidelines.	Accept in part. IP rights will continue to be accorded distinctive treatment under the *Trade Practices Act 1974*. Subsection 51(3) will be amended to extend the exception to cover the intellectual property rights granted under the *Plant Breeder's Rights Act 1994*, consistent with the protection provided for patents, registered designs, copyright and EL rights. Savings provisions will be inserted into the *Trade Practices Act 1974* to preserve the effect of the current subsection 51(3) in relation to licences and assignments entered before amendment of subsection 51(3). Sections 46, 46A or 48 would be treated as per the old subsection 51(3). IP licensing would be subject to the provisions of Part IV, but a contravention of the per se prohibitions of sections 45, 45A and 47, or of s4D, would instead be subject to a substantial lessening of competition test. Following consultation with interested parties, the ACCC will issue guidelines outlining its enforcement approach to these provisions. These guidelines would outline when IP licensing and assignment conditions might be exempted under subsection 51(3), when IP licences and assignments might breach Part IV of the Act, and when conduct that is likely to breach Part IV of the Act might be authorised. As per the requirements of the 1995 Intergovernmental Conduct Code Agreement, the Government will consult with the States and Territories and seek their agreement to these amendments.