

Via Email Onlyconsultation@ipaaustralia.gov.au

5 December 2017

The Commissioner of Patents
PO Box 200
WODEN ACT 2606**Attention:** Brett Massey and Lisa Bailey**Re: Exposure drafts of the Intellectual Property Laws Amendment
(Productivity Commission Response Part 1 and Other Measures)
Bill and Regulations 2017**

Dear Brett and Lisa,

We refer to the Exposure drafts of the Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Bill and Regulations 2017 which were made available for review and comment by IP Australia on 24 October 2017.

The Institute of Patent and Trade Mark Attorneys of Australia (IPTA) makes the following submissions in connection with these consultation papers.

About IPTA

IPTA is a voluntary organisation presenting registered patent attorneys, registered trade marks attorneys and student members in the process of qualifying for registration as a patent and/or trade marks attorney in Australia. The membership of IPTA includes over 87% of reregistered patent attorneys located in Australia and it is believed that its members make up more than 90% of registered patent attorneys in active practice in Australia. The membership of IPTA includes registered patent attorneys in private practice as well as patent attorneys working in industry, universities, research institutes and others that practice as barristers. IPTA members represent large local and foreign corporations, SMEs, universities, research institutes and individual inventors. Since 24 February 2017 all Australian patent attorneys have become registered as Trans-Tasman patent attorneys, which also enables them to practice before the Intellectual Property Office of New Zealand. In addition to working with foreign applicants to assist them in obtaining and enforcing their intellectual property rights in Australia and New Zealand, IPTA members also work with clients in Australia and New Zealand to assist them in developing strategies for protecting and enforcing their intellectual property rights in Australia, New Zealand and overseas.

Submissions

We note that provisions have been included to repeal the innovation patent system. For reasons previously provided to the Productivity Commission and IP Australia we believe that the innovation patent system should be retained, albeit in amended form. The

innovation patent system is very important to local innovators and neither of the Productivity Commission nor IP Australia has provided good reasons why the system should be repealed. In this regard, the reasons provided for repealing the system do not accord with the experience of our members in dealing with local innovators. IPTA, together with local users of the innovation patent system, hope to be able to convince the Government (through other means) to reconsider this proposal to repeal the innovation patent system.

We note that the draft legislation includes provisions providing for computer decision making. Although IPTA does not have any difficulty with such provisions per se, we ask IP Australia to ensure that computer decision making is not applied in circumstances where judgement must be exercised as to whether particular requirements of the Patents Act or regulations have been satisfied, for example in assessing whether an extension of time is based on an error or omission. It is also important that third parties adversely affected by a computer decision, or by substitution of a computer decision, will have an opportunity to be heard.

With regard to the Plant Breeder's Rights (PBR) Act amendments we ask IP Australia to consider introducing an exclusive licensing scheme which includes more flexibility than the scheme currently in place with the Patents Act 1990. IPTA has previously supported submissions made by the Law Council of Australia to the effect that the current definition of an exclusive licensee in the Patent Act 1990 is too restrictive.

In relation to the proposed amendments to the Trade Marks Act, we are concerned by the proposed provisions dealing with parallel importation, namely, Section 122A.

Proposed Section 122A(c) provides that the parallel importation of trade mark goods does not amount to infringement if:

at the time of use, **it was reasonable for the person [which would be the parallel importer] to assume** the trade mark had been applied to, or in relation to, the goods by, or with the consent of, a person who was, at the time of the application or consent (as the case may be):

- (i) the registered owner of the trade mark; or
- (ii) an authorised user of the trade mark; or
- (iii) a person authorised to use the trade mark by a person mentioned in subparagraph (i) or (ii), or with significant influence over the use of the trade mark by such a person; or
- (iv) an associated entity (within the meaning of the Corporations Act 2001) of a person mentioned in subparagraph (i), (ii) or (iii).

It appears to IPTA that the introduction of a "Reasonable to Assume" test potentially introduces a defence of innocent infringement into the Act which was not intended and is not what we believe the Productivity Commission had recommended or which the Australian Government supported in its response to the Productivity Commission's Enquiry. The Explanatory Memorandum makes it clear that these amendments should only *clarify the circumstances in which genuine trade marked goods may be imported into Australia or sold into Australia without infringing a registered trade mark*. The proposed amendment potentially goes much further.

IPTA is concerned that the introduction of a "Reasonable to Assume" test will lead to a number of disputes about the kind of circumstances that give rise to a reasonable assumption that a trade mark had been applied with the registered owner's consent. The subjective knowledge of the parallel importer will no doubt be difficult to prove or disprove and places a heavy burden on the trade mark owner from an evidentiary perspective. In addition, as currently drafted, this provision also has the

potential to broaden the scope of the defence to cover counterfeit as opposed to simply grey market goods.

IPTA submits that the "Reasonable to Assume" test is unnecessary as the remainder of the provision, Section 122A(1)(c)(iii) and (iv) achieves the original policy goals. IPTA therefore believes that the words "it was reasonable to the person to assume" should be deleted from the proposed provision.

IPTA does not have any objections to other provisions in the draft legislation, and believes that they will be effective in improving the IP system in Australia.

IPTA would be very pleased to provide further information or clarification in relation to any of the submissions discussed above.

Yours faithfully

A handwritten signature in black ink, consisting of a large, circular initial 'M' followed by a series of connected loops and a long, horizontal tail.

for Michael J Caine

Vice President and Convenor - Legislation Committee
Institute of Patent and Trade Mark Attorneys of Australia