Draft recommendations, findings and information requests

## Compulsory licensing provisions

Draft Finding 6.1

While the cost and timeliness of the compulsory licensing process could be a barrier for its use by some parties, there are no clear alternatives that would significantly reduce its cost without also reducing the quality of the outcomes and increasing the scope for appeals.

draft Finding 6.2

The Australian Government has agreed to introduce a general objects clause recommended by the Advisory Council on Intellectual Property into the Patents Act 1990 (Cwlth). This could assist in clarifying the context for compulsory licensing and the considerations that should guide a court.

draft Recommendation 6.1

The Australian Government should seek to remove s. 133(2)(b) from the Patents Act 1990 (Cwlth), so that a compulsory licence order based on restrictive trade practices of the patent holder is only available under the Competition and Consumer Act 2010 (Cwlth). The remedy provisions in the Competition and Consumer Act should be amended to explicitly recognise compulsory licence orders to work a patented invention as a remedy under the Act. The new remedy provision should specify that an order must:

* not give the licensee or a person authorised by the licensee, the exclusive right to work the patented invention
* be assignable only in connection with an enterprise or goodwill in connection with which the licence is used.

The new provision should also contain a clause specifying the basis for determining remuneration, which is identical to the corresponding clause in the Patents Act.

draft Finding 6.3

Section 51(3) of the Competition and Consumer Act 2010 (Cwlth) — which exempts certain types of conduct involving intellectual property from some provisions of the Act — is unlikely to promote efficient outcomes with respect to access to patented inventions. The Commission is mindful that s. 51(3) addresses a range of intellectual property issues, but in respect to access to patents, sees no reason why it should not be repealed.

draft Finding 6.4

The current language in s. 135 of the Patents Act 1990 (Cwlth), which conflates the reasonable requirements of the public with the interests of Australian industry, is inconsistent with promoting community-wide welfare.

draft Recommendation 6.2

The Australian Government should seek to replace the current ‘reasonable requirements of the public’ test with a new public interest test for compulsory licensing of patents. The new test should specify that a compulsory licence would be available if the following conditions are met:

(a) Australian demand for a product or service is not being met on reasonable terms, and access to the patented invention is essential for meeting this demand.

(b) The applicant has tried for a reasonable period, but without success, to obtain access from the patentee on reasonable terms and conditions.

(c) There is a public interest in providing access to the applicant, having regard to:

* costs to the patentee from granting access to the patented invention
* benefits to consumers and the licensee from the licensee’s access to the invention
* longer-term impacts on community wellbeing.

(d) The terms of any compulsory licence order are consistent with public interest, having regard to:

* the right of the patentee to obtain a return on investment commensurate with the regulatory and commercial risks involved
* the right of the public to the efficient exploitation of the invention.

draft Finding 6.5

There is an apparent inconsistency between the grounds for issuing a compulsory licence in the Australia–United States Free Trade Agreement and the reasonable requirements of the public test in the Patents Act 1990 (Cwlth).

draft Recommendation 6.3

The Australian Government should seek to repeal s. 136 of the Patents Act 1990 (Cwlth). Current and future international treaty obligations should be incorporated directly into the Patents Act 1990 (Cwlth) or its subordinate legislation.

draft Finding 6.6

It is generally in the parties’ best interest to negotiate a voluntary licence in a dependent patent situation. A separate dependent patent ground is unnecessary, where robust competition and public interest grounds for compulsory licensing already exist.

## Crown use provisions

Draft Recommendation 7.1

The Australian Government should seek to amend s. 163 of the Patents Act 1990 (Cwlth) to make it clear that Crown use can be invoked for the provision of a service that the Australian, State and/or Territory Governments have the primary responsibility for providing or funding.

Draft Recommendation 7.2

The Australian Government should seek to amend the Patents Act 1990 (Cwlth) to:

* require the Crown to attempt to negotiate use of the patented invention prior to invoking Crown use
* require instances of Crown use to be approved by a Minister (the relevant Federal Minister or State Attorneys General), and that the patentee be provided a statement of reasons no less than 14 days before such use occurs
* specify that in instances of Crown use, the patentee is entitled to remuneration determined on the same basis as that for a compulsory licence.

These first two requirements should be able to be waived in emergencies. However, in all cases patentees should be provided with immediate notice that their patents have been used, and a statement of reasons as soon as practical thereafter.

## New alternative mechanisms

information request 9.1

The Commission requests further input on the likely costs and benefits of introducing a licence-of-right mechanism in Australia, and whether there would be a net benefit. Feedback is also sought on how such a mechanism should be designed, such as:

* how licence terms and conditions would be determined in cases where the parties fail to reach an agreement
* whether incentives should be provided to patent owners who register a licence of right, such as the reduced patent renewal fees offered in some countries.

## Awareness raising

draft Recommendation 10.1

IP Australia should develop a plain English guide on the compulsory licensing provisions of the Patents Act 1990 (Cwlth). The guide should be available through the IP Australia website.