Law Council
OF AUSTRALIA

Streamlining and simplifying IP regulation

IP Australia

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- the Intellectual Property Committee of its Business Law Section; and
- the Queensland Law Society

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Introduction

1. The Law Council of Australia welcomes the opportunity to respond to IP Australia's consultation on streamlining and simplifying intellectual property (**IP**) regulation. This submission is primarily informed by feedback received from the IP Committee (**IPC**) of the Law Council's Business Law Section. Additional feedback from the Queensland Law Society (**QLS**) has been included in response to proposals 3, 6 and 7.

2. This submission has not addressed every proposal for reform or every identified policy issue. Where no response has been provided, the Law Council has not settled a position in the time available.

Section A—Proposals for reform

Proposal 1: Expanding the definition of exclusive licensees for patents

3. For the reasons set out in its submission to IP Australia dated 24 June 2015 entitled *Exclusive Licensees under the Patents Act*, the IPC agrees with IP Australia's preferred solution, with the qualification that the "default" rights and obligations of such licensees should be subject to the terms of any agreement(s) between the patentee and exclusive licensee(s). IP Australia's proposed solution is consistent with the preferred solution (approach (c)) identified in the IPC's 2015 submission.

4. For completeness, we note that the IPC's 2015 submission did not expressly consider whether the proposed expansion of the exclusive licensee definition (and associated rights and obligations) should be subject to any agreement between the patentee and exclusive licensee(s).

5. However, we submit that such a qualification is consistent with, and supports, the policy justifying the proposed definitional change, namely to ensure that the legislative position more closely aligns with commercial expectations and applications. The "subject to contract" qualification is also a feature of overseas patent systems, such as the European Union's Agreement on a Unified Patent Court (Article 47), the United Kingdom,[1] and the authorised user provisions at section 26 of the *Trade Marks Act 1995* (Cth). It will also avoid uncertainty that may arise if the provisions remain silent on this issue.

6. In summary, the proposal will align the concept of an "exclusive" licence in the *Patents Act 1990* (Cth) with how the concept of IP exclusivity is understood and applied in commercial practice, and more closely align the Australian position with the position in jurisdictions such as the UK, the US and Canada. The solution may simplify and streamline IP transactions and the enforcement of IP, including by reducing the need for agreements to be modified to specifically or specially deal with the unique and unduly confined nature of exclusive licences under Australian patent law.

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[1] *Neurim Pharmaceuticals (1991) Ltd and another company v Generics UK Ltd and another* [2022] EWCA Civ 359.

7. The IPC considers that the above considerations apply equally to the *Designs Act 2003* (Cth) and Trade Marks Act, and supports a consistent definition of "exclusive licensee" across these registered rights.

Proposal 2: Shortening oppositions for pharmaceutical patent extensions of term

8. As a preliminary matter, with the scope of the extension of term (**EOT**) regime due to be considered by the High Court[2] (and with processing of certain EOT applications being held in abeyance by IP Australia pending the High Court's determination[3]), the IPC suggests that it is preferable to defer consideration of whether to make any substantive or procedural changes to the regime.

9. As to the proposal itself, the IPC notes that where:

   (a) the Patents Act requires the Commissioner to be satisfied that the requirements of section 70 and 71 are satisfied before accepting an EOT application (being the sole grounds on which EOT applications may presently be opposed);

   (b) the Patents Act provides a (flexible) mechanism for EOT decisions (including the term of any EOT granted under section 77) to be reviewed by way of rectification by the Commissioner or the Court;

   (c) the procedure for any rectification requests can be tailored by the Commissioner or Court to the circumstances of the subject case; and

   (d) in the absence of any data of which the IPC is aware as to any particular issues that have arisen with what appears to be a relatively small number of oppositions under section 75

   there is no justification for Proposal 2.

10. Indeed, the proposed reclassification of section 75 oppositions may not reduce delays or provide early certainty (e.g. owing to unforeseen hearing and decision delays; delays associated with fixing the procedure and timetable for a given EOT opposition; delays associated with the exploration and determination of section 77 issues that are not the subject of a pre-grant EOT opposition proceeding; and different individual approaches to the exercise of the discretion).

11. For completeness, the IPC suggests that consideration might, at an appropriate time, be given to removing the pre-grant opposition procedure for EOT applications.

Proposal 3: Introducing an examination report response system for patents and trade marks

12. Both the IPC and QLS do not support this proposal for patents and trade marks. Such a proposal may be particularly prejudicial in circumstances where new substantive issues are raised late in the examination process. There may also be substantial inefficiencies and uncertainties associated with the case-by-case setting,

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[2] *Otsuka Pharmaceutical Co., Ltd & Ors v. Sun Pharma Anz Pty Ltd*. Special leave granted: [2026] HCADisp 46.

[3] See, <https://manuals.ipaustralia.gov.au/patent/7.12.1.1-pharmaceutical-substance-per-se>.

monitoring and enforcement (and potential applications for extension) of response deadlines.

13. A proposal that seeks to (arbitrarily) fix a limit on the number of responses or response deadlines for all cases does not properly or fairly take into account the individual circumstances and issues arising in respect of different applications across different technological areas, and is inconsistent with the more flexible, case-by-case management of patent rights contemplated by, for example, Proposal 2 above.

14. Regarding trade marks, the IPC supports looking for ways of addressing applications for registration of trade marks that "sit unresolved, creating clutter, uncertainty and delays for third parties seeking clarity on protected claim scope". However, the IPC considers that the Proposed Solution in Proposal 3 is not the best way forward, and that further thought should be given to this issue.

15. Requiring applicants to respond within set, short timeframes (for example, two months) might work for some of the more straightforward issues that arise on examination (such as classification objections and simple distinctiveness objections). However, it may not allow sufficient time to deal with more involved objections, including where evidence of use is required to be provided or consents are required to be obtained. While this could be remedied by affording longer periods at each step, the risk of this alternative is that the time involved is close to the existing 15-month period which is the alleged shortcoming the proposal is designed to remedy.

16. While the IPC acknowledges that other jurisdictions have shorter response times (for example, the USA has six months for a response if filed under the Madrid Protocol, and New Zealand has 12 months), the clock stops once a response is filed by the applicant, or if the mark is not accepted and a further examination report is issued. This means that examination times in those jurisdictions often extend well beyond 15 months.[4]

17. To the extent that IP Australia has looked to the UK and the EU, which have short response times of two months, it is important to note that under those systems, citations are not raised as blocking objections. Instead, owners of cited marks are alerted to the filing by the UKIPO or EUIPO during the course of examination in case they wish to oppose registration.

18. Finally, limiting the number of responses before rejection (for example, three responses) may be inappropriate, especially in complex cases, and might lead to a significant uptick in more expensive challenges and requests for hearings.

Proposal 4: Awarding costs above the schedule in trade mark oppositions

19. The QLS does not support this proposal, and raises particular concern with a lack of clarity for clients around costs orders, particularly for small- to medium-sized enterprise applicants.

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[4] Note, the IPC understands that there are also significant delays in the US and NZ registries with examination at the moment.

20. The QLS suggests that a preferred approach may be a process to dispense with "exceptional cases" earlier in the opposition process to reduce unnecessary costs.

21. In terms of when it may be appropriate to allow costs above schedule costs, the QLS suggests that consideration could be given to allowing such discretion where Calderbank offers have been made.

Proposal 6: Finalising trade mark oppositions that are not progressing

22. The QLS supports the proposed amendment to the trade marks legislation to give the Registrar power to dismiss or finalise oppositions where both parties have abandoned the matter and are no longer participating

23. The QLS notes that, if an opponent does not request a hearing or decision on written submissions, the opposition should be treated as withdrawn. However, in those circumstances, the QLS suggests that the Registrar should be required to make appropriate enquiries with the opposition / their representative (or to make reasonable attempts to contact the opposition / their representative), prior to dispensing with the matter.

Proposal 7: Correcting trade mark ownership errors

24. The IPC and QLS are generally supportive of IP Australia's preferred solution to this problem, which is to amend the trade mark legislation to allow the Registrar to correct ownership errors before and after registration in defined circumstances and with appropriate safeguards. We note that there are risks with post application amendment and vulnerability in respect of scam filings. As such, decisions of this nature would be best left within the court's discretion to ascertain whether the necessary circumstances have been met. Whilst we support the proposal in principle, we would welcome the opportunity to review any draft legislation to ensure sufficient criteria and safeguards are in place.

25. It would be helpful to know more about what is meant by IP Australia's reference to "clearer court discretion to refuse to cancel a registered trade mark where a genuine mistake occurred in similarly defined circumstances". As a preliminary point, the IPC considers that, in light of *Taylor v Killer Queen LLC*,[5] section 88 of the Trade Marks Act needs to be urgently amended to make clear that the court retains a discretion under subsection 88(1) not to order the cancellation of the registration of a mark where a ground of cancellation under paragraph 88(2)(a) that is not mentioned in paragraph 89(1)(b) is made out. That is, it needs to be made clear that, where a ground of cancellation under section 88(2)(a) is made out (because the original applicant was not the "owner" of the mark), the court has the discretion under paragraph 88(1)(a) not to order cancellation. Although this position has long been orthodox, it has been cast into doubt by *Taylor*, and legislative reform is therefore urgently needed.

26. If the idea behind the proposed solution is to make a further amendment to section 88 to clarify the nature of the court's discretion not to order the cancellation of a registration, then the IPC would wish to see further detail of what is being proposed. If the intention is to amend the Trade Marks Act to make clear that

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[5] [2026] HCA 5 at [16] (Gordon ACJ and Beech-Jones J, and [219] and [245]-[246] (Jagot J).

circumstances such as those in *Trident Seafoods Corporation v Trident Foods Pty Ltd* [2019] FCAFC 100 or *PDP Capital Pty Ltd v Grasshopper Ventures Pty Ltd* [2020] FCA 1078 would result in the favourable exercise of discretion, the IPC would support such a proposal.

27. The IPC has also noted that IP Australia should take the opportunity to consider the associated issue of whether a party entitled to use a trade mark should be entitled to apply for registration under section 28 of the Trade Marks Act on behalf of themselves and one or more other persons also interested in the trade mark: for example, business partners, as considered in *Richards v Black Star Pastry Pty Ltd (No 2)*.[6]

Proposal 9: Expressly allowing virtual marking of products protected by patents, PBR and designs

28. The IPC supports this proposal, which is consistent with modern commercial practice and expectations, as well as the position in overseas jurisdictions such as the United States and the United Kingdom. While virtual marking may already be impliedly covered by the relevant marking provisions, expressly dealing with this matter in legislation will advantageously provide greater clarity and certainty.

Proposal 10: Introducing a grace period for PBR renewals fees

29. The IPC supports this proposal. The justification for providing a grace period for renewal of patents, trade marks and designs applies equally to renewal of plant breeder's rights (**PBR**).

Section B—Issues for further investigation

Policy issue 1: removing the declaration requirement for initial short extensions of time and limiting the time patents can be revived with an extension of time

30. The IPC does not support the possible solutions identified by IP Australia and considers that applications for extensions of time should continue to be assessed on a case-by-case basis, taking into account the relevant circumstances and context for each case.

31. In circumstances where a potentially enlivening error or omission can occur and/or be discovered at any time (including well after the elapsing of a relevant deadline), seeking to arbitrarily fix a time limit on extension of time applications may cause substantial unfairness and prejudice, and is inconsistent with the beneficial nature of the extension of time provisions.

32. Of course, delay in seeking an extension of time may be a relevant factor in the exercise of the Commissioner's extension discretion. However, it is appropriate that this factor be weighed with other relevant factors, including the explanation for any delay; the nature of the alleged error or omission; and prejudice to patent applicants and third parties (including in view of the protection that is already available for third

[6] [2025] FedCFamC2G 1226, at [77]).

parties who, for example, take steps to exploit inventions that are the subject of patents that cease, but, following the grant of an extension of time, are later restored (see, e.g. subsection 223(9)).[7]

Policy issue 2: Reforming patent timeframes

33. The IPC considers that the possible solutions raise a number of serious and complex issues that would need to be comprehensively worked through prior to the design and/or implementation of any reformed patent timeframe process. These issues include:

    (a) the circumstances that might justify a third party being able to control competitor patent filings and strategy (e.g. would third parties need to establish or explain why they are interested in a given patent filing and would such interest need to meet any thresholds/requirements?);

    (b) the time that third parties would need to establish any such interest (would there need to be an alternative or additional advertisement procedure?);

    (c) prioritisation of cases that are the subject of a third-party expedition request;

    (d) consideration and determination of steps or mechanisms that could fairly and reasonably be used to try to expedite the prosecution of a given filing or suite of filings, including in view of the matters set out in respect of Proposal 3 above;

    (e) determining how long each patent applicant needs to "genuinely" resolve the dispute in the manner contemplated by the proposal; and

    (f) determining whether a patent applicant is seeking to "delay for commercial or tactical reasons".

34. In view of the above, implementation of such a proposal has the real potential to have the effect of giving rise to greater uncertainties, complexities, costs, delay and disputes and unfairness/prejudice to the patent applicant.

35. Further, in view of the availability of post-acceptance amendments and pre-grant oppositions, restricting a patent applicant's ability to properly and fairly prosecute patent applications (including with respect to divisional filings) may not itself provide early commercial certainty.

36. In respect to the possibility of curtailing the divisional system (for example to confine it to overcoming a unity objection as suggested), the IPC notes that any such change has the potential to materially impact the substantive rights of patentees and have unintended consequences (for example, in respect of the best method requirement under the Act), and ought to be the subject of careful consideration as a stand-alone issue. This includes consideration of whether amendments to the divisional system might put Australia out of step with key trading partners.

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[7] See, for example, most recently, *Teva Pharma Australia Pty Ltd & Bayer Australia Limited v Cipla Limited* [2026] APO 7.

Policy issue 5: Clarifying exhaustion in the PBR Act

Is there still uncertainty in the industry around how exhaustion operates in the PBR Act? If so, please explain the impact of that uncertainty.

37. The IPC considers that it is very likely there is still uncertainty in the industry.

38. Both the Advisory Council on Intellectual Property (**ACIP**) in its 2010 Report and the University of Queensland (**UQ**) in its 2022 Research Paper found significant confusion among stakeholders on this issue.[8] Given the complexity of the issue, the doubt about the correctness of Mansfield J's interpretation of section 23 in *Cultivaust Pty Ltd v Grain Pool Pty Ltd* [2004] FCA 638, and the subsequent ruling of the High Court of Australia in *Calidad Pty Ltd v Seiko Epson Corporation* [2020] HCA 41, the IPC thinks it is highly unlikely that the industry's uncertainty has disappeared or even reduced. Rather, it seems very likely that the degree of uncertainty has remained the same or has increased.

39. The IPC is unable to comment on the impact of that uncertainty in industry, as it lacks the requisite industry knowledge.

If the legislation was clarified, do you prefer the approach of the Cultivaust decision or the exhaustion doctrine?

40. With respect, the IPC believes that the Consultation Paper does not accurately reflect Mansfield J's interpretation of section 23. In particular, the Consultation Paper states:

> *Mansfield J found the sale of the first generation of propagating material (G0) exhausts PBR in the material and gives the purchaser an implied licence to grow and sell the first generation crop (G1). The implied licence does not extend to cover the sale of second and subsequent generations of crops, and authorisation is required to grow and sell any plants propagated from the G1 plan (G2+).*

41. This statement does not accord with Mansfield J's findings in two respects. First, it seems to suggest that the judge considered the sale of propagating material inevitably gives rise to an implied licence. Second, it claims that the implied licence does not extend to dealing with subsequent generations of crops.

42. What Mansfield J held is more nuanced, stating (at [210] and 212], respectively):

> *It [section 23] covers the sale of a first generation crop from lawfully acquired seed. In any event, that sale is by implication consented to by Tasmania and Cultivaust (as they acknowledge). ...*
>
> *I have found that neither Tasmania nor Cultivaust consented to the sale of second or subsequent generations of crops ...*

43. As the words "in any event" make clear, Mansfield J's reference to a licence arising from the sale was an aside, and was unrelated to his interpretation of the operation of section 23. Moreover, his reference to the sellers' acknowledgement of the licence

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[8] Advisory Council on Intellectual Property, *A Review of Enforcement of Plant Breeder's Rights* (Final Report, January 2010),

arising for G1, and to there being no consent from the sellers for the sale of G2+, leaves open the possibility that Mansfield J would not necessarily have found there to be a licence for G1 if the sellers had contested that issue.

44. The Consultation Paper states that the implied licence to grow and sell G1 "complies with the PBR Act, but contrasts with the exhaustion doctrine under the *Patents Act 1990*". However, as explained above, Mansfield J's reference to implied licence was an aside, with the key aspect of his judgement being his interpretation of the section 23 exhaustion provision. To ask, as the Consultation Paper does, about a preference for an implied licence approach compared with a patent exhaustion doctrine is comparing two entirely different concepts—a question that the IPC cannot answer.

45. In its May 2023 response to the UQ Research Paper, the IPC explained that it was not convinced by the proposal to deem that the *Calidad* exhaustion doctrine applies to the *Plant Breeder's Rights Act 1994* (Cth) (**PBR Act**). The reason for this was that it is by no means clear that the High Court would, or should, conclude that the exhaustion doctrine as enunciated in *Calidad* for the Patents Act was appropriate, without any modification or qualification, for the PBR Act. The structure of the legislation implementing the two regimes, the nature of the rights, and the policies effected by the legislation, are not the same. The IPC remains of that view. Accordingly, the IPC does not support legislative action importing the *Calidad* exhaustion doctrine into the PBR Act.

46. For example, the doctrine of exhaustion applied to a patented machine that makes widgets means that the machine can be used to make more widgets but the exhaustion doctrine gives no right to make more machines covered by the patent. In the case of propagating material protected by PBR, the analogy (so far as it goes) is to making more copies of the patented machine as the propagating material could be used to grow more propagating material. The analogy is imperfect as the PBR could also be used to grow a crop for consumption.

47. In this respect, the IPC considers that section 23 of the PBR Act attempts to set out a statutory exhaustion provision tailored to the nature of PBR. However, it arguably does not achieve that objective. Accordingly, the IPC agrees that it would be desirable to provide certainty about the exhaustion doctrine as it applies in the PBR Act. To that end, the IPC believes that reform attention should focus on review and amendment of the current statutory exhaustion provision (section 23), not on importing the non-statutory exhaustion doctrine adopted by the High Court in respect of a different IP regime.

48. The ACIP Report cogently argues that Mansfield J misinterpreted section 23 when he concluded that the use of the word 'further' in subsection 23(1)(c) provides the reason for treating the first generation crop differently, and for excluding from the aegis of section 23 the second and subsequent generation crops.[9] ACIP was of the view that this interpretation was at odds with the current interpretation of the word "further" in a similar context in paragraph 17(1)(c), and was not consistent with subsection 23(4). ACIP saw significant benefits to amending section 23 to make it clear that PBR is not exhausted where there is any production or reproduction of the

[9] *Cultivaust Pty Ltd v Grain Pool Pty Ltd* (2004) 62 IPR 11, [210] (Mansfield J).

propagating material, including the growing of G1 (while noting that growers would normally have an implied licence to grow and sell G1). Such an amendment would appear to make the PBR statutory exhaustion provision consistent with the operation of the non-statutory exhaustion doctrine that applies to patents and other IP rights consistently with the nature of PBR.

49. The IPC sees merit in the ACIP proposal for amendment of section 23. However, the IPC notes that where an implied licence is relied on, its implication may be excluded by contract. Rather than relying on an "implied licence" to permit a farmer (or other purchaser) to grow and sell G1 material, the IPC considers that in principle the terms of section 23 should be amended to make clear that, subject to sections 16 to 18, it also applies to the use of G0 material to grow and sell G1 material.

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The Law Council advises governments, courts, and federal agencies on ways in which the law and the justice system can be improved for the benefit of the community. The Law Council also represents the Australian legal profession overseas, and maintains close relationships with legal professional bodies throughout the world. The Law Council was established in 1933, and represents its constituent bodies:

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- the Law Society of the Australian Capital Territory;
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- the Law Society of New South Wales;
- the Northern Territory Bar Association;
- the Law Society Northern Territory;
- the Bar Association of Queensland;
- the Queensland Law Society
- the South Australian Bar Association;
- the Law Society of South Australia;
- the Tasmanian Bar;
- the Law Society of Tasmania;
- the Victorian Bar Incorporated;
- the Law Institute of Victoria;
- the Western Australian Bar Association;
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