

Review of Crown Use Provisions in Patents & Designs Legislation

Comments on the Advisory Council on Intellectual Property ("ACIP") Issues Paper by the Australian Computer Society

1 Australian Computer Society, Inc

The Australian Computer Society ("ACS") is the recognised association for Information & Communication Technology ("ICT") professionals, attracting a large and active membership of some 16,000 individuals from all levels of the ICT industry. A member of the Australian Council of Professions (Profesions Australia), the ACS is the public voice of the ICT profession and the guardian of professional ethics and standards in the ICT industry, with a commitment to the wider community to ensure the beneficial use of ICT.

The Society was founded in 1966. Included in its objectives are to further the study, science and application of Information & Communication Technology; promote, develop and monitor competence in the practice of ICT by people and organisations; maintain and promote a [Code of Ethics](#) for members of the Society; define and promote standards of knowledge of ICT for members, promote the formulation of effective policies on ICT and related matters; and to extend the knowledge and understanding of ICT in the community.

2 ACS supports Crown use provisions if appropriately confined

The ACS supports the principle of Crown use of intellectual property provided that this is limited to those cases where the use is essential to enable conventional government services to be delivered to the public and proper compensation is paid to the IP owner. The ACS opposes the surreptitious use of people's IP by government except for the most extreme national security or emergency purposes. The ACS also strongly opposes any 'Crown use' for commercial purposes, other than on standard commercial terms. Commercial Crown use should not enjoy immunity from infringement action or other civil remedies.

The ACS supports the adoption of a compensation determination regime more aligned with the Copyright Tribunal which, in our view, offers slightly more bargaining power for IP owners who disagree with the compensation, if any, that might be offered by government.

3 Issues

This broad position is expanded below with reference to some of the issues raised in the ACIP Issues Paper, adopting the same numbering:

3.1-3.3 Definition of the Crown and usage limitations

Consistently with the foregoing the ACS submits that the Crown for the purposes of the relevant Crown use provisions in all IP statutes should be confined to the Crown in right of the Commonwealth or a State and permitted usage must not extend to commercial or business activities of the Crown. For consistency the ACS would seek to have excluded from all Crown use provisions those emanations of the Crown that are encompassed by sections 2A and 2B of the *Trade Practices Act 1974*.

The current test for Crown use exploitation is acceptable provided that the Crown is limited to the Crown in its non-commercial emanations.

3.4 Compensation issues

The ACS submits that IP owners must always be entitled to notification before the Crown use occurs unless it is inappropriate for that to occur for national security reasons or because reasonable attempts to give notice have been unsuccessful. This is suggested to give IP owners a fair opportunity to initiate court proceedings if the notice relates to an unauthorised use, or to put an owner in a fairer bargaining position to demand 'just terms' for the appropriation of an invention.

If compensation cannot be agreed, there should be a range of options available ranging from mediation to an IP Tribunal to the Federal Magistrates Court to the Federal Court of Australia. Furthermore, to assist IP owners to determine a fair value for their rights, all Crown use should be recorded on a public register, preferably searchable online, with the amount of compensation shown together with details of the use. This transparency should be mandatory except in cases of national security.

3.5 Commercial re-sale/exploitation

Consistently with the view expressed under 3.1 above, no business activity should be entitled to rely upon the Crown use provisions, regardless of the legitimacy of the original use or the circumstances in which the exploitation ceased satisfy the test for Crown use exploitation or the business activity acquired that character.

Provided that the concepts embodied in sections 2A and 2B of the Trade Practices Act are adopted to carve out activities entitled to the benefit of the Crown use provisions, the ACS is satisfied that the current safeguards against commercial exploitation in sections 163 and 168 of the Patents Act (and corresponding provisions of the Designs Act) are adequate as a safety net.

3.6 Need for Crown use provisions

If the restricted approach suggested by the ACS is adopted, there is probably some public benefit in retaining the Crown use provisions so confined. However, these provisions would benefit from greater conformity with analogous regimes under other pieces of IP legislation. Ideally the ACS would like to see an *Intellectual Property (Crown Use) Act* with a standard regime to apply to all instances of Crown use of any forms of intellectual property over which the Commonwealth has Constitutional power.

This submission was prepared for the Australian Computer Society by Philip Argy, National Vice President. Mr Argy is available to meet with ACIP to discuss any of the comments made in this submission.

Sydney

February 2004