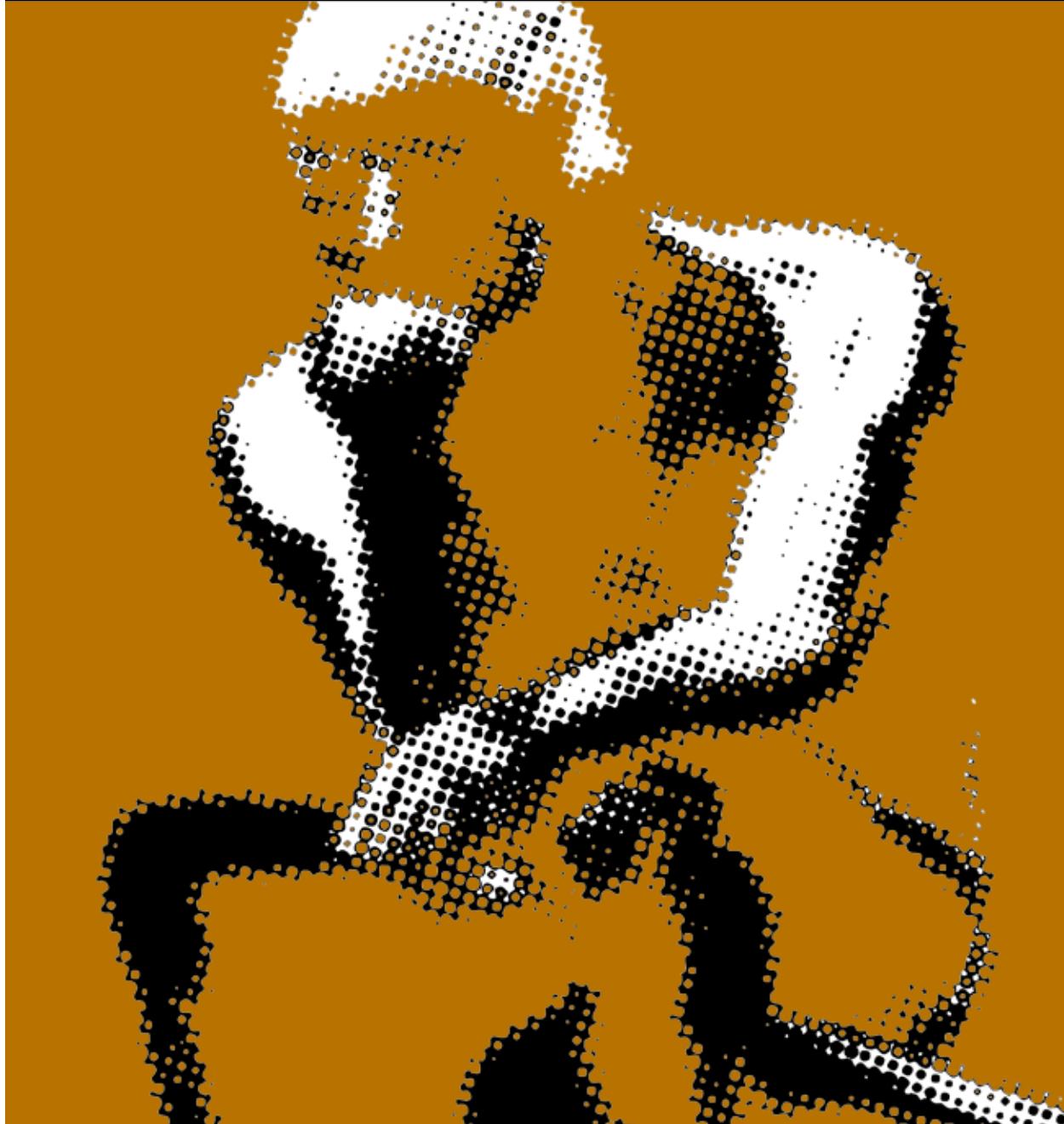


Journal of The  
Intellectual Property  
Society of Australia  
and New Zealand Inc.

March 2014

Editor  
Christopher Sexton

# Intellectual Property Forum



## Issue 96 Contents

**Editorial** • Profile – In Conversation with The Honourable Michael Kirby AC, CMG • **Articles** • Are Techlaw Principles in the Ascendency? • Sale of Goods and Intellectual Property: Problems with Ownership • Can Europe Learn from US E-discovery? • **Ratemylegalrisk.com – The Legality of Online Rating Sites Relating to Individuals in Data Protection Law** • Current Developments • Australia • New Zealand • Asia • WIPO • Europe • South Africa • Canada • United States • Reports from IPSANZ Local Organisations

# Intellectual Property Forum

## The Journal of The Intellectual Property Society of Australia and New Zealand Inc ABN 056 252 558

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Christopher Sexton

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Journal Issue	Submission Dates
June 2014	before 1 May 2014
September 2014	before 1 August 2014
December 2014	before 1 November 2014
March 2015	before 1 February 2015

The Intellectual Property Society of Australia and New Zealand Inc is an independent society whose principal objectives are to provide a forum for the dissemination and discussion of intellectual property matters.

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# Contents

- 2 Editorial – The Vexed Issue of Trading Off IP Rights in International Free Trade Agreements: The Proposed Trans-Pacific Trade Agreement**  
Christopher Sexton
- 8 Profile**  
**In Conversation with The Honourable Michael Kirby AC, CMG**  
Christopher Sexton
- 18 Articles**  
**Are Techlaw Principles in the Ascendency?**  
Graham Smith
- 25 Sale of Goods and Intellectual Property: Problems with Ownership**  
Dr Sean Thomas
- 44 Can Europe Learn from US E-discovery?**  
Dr Giacomo Pailli
- 55 Ratemylegalrisk.com – The Legality of Online Rating Sites Relating to Individuals in Data Protection Law**  
Dr Andreas Rühmkorf
- 70 Current Developments**
- 70 Australia**
- 79 New Zealand**
- 89 Asia**  
Hong Kong and China, Singapore, Japan
- 96 WIPO**
- 99 Europe**  
France, United Kingdom
- 106 South Africa**
- 109 Canada**
- 111 United States**
- 114 Reports from IPSANZ Local Organisations**

# General Editorial – The Vexed Issue of Trading Off IP Rights in International Free Trade Agreements: The Proposed Trans-Pacific Trade Agreement



Christopher Sexton

## Background

The Trans-Pacific Partnership (TPP) negotiations, now involving 12 nations, are aimed – in principle – at lowering trade barriers across a wide range of sectors in 12 Pacific Rim countries, extend from the US to Australia, from Japan to Chile. However, the aim of the treaty is not simply to eradicate tariffs on goods and services, but to cover wide-ranging areas including labour and the environment, intellectual property, government procurement and state-owned enterprises.

The genesis of the proposed Trans-Pacific Trade Agreement (TPPA) can be traced to a trade pact originally envisaged by Brunei, Chile, New Zealand and Singapore. This was transformed when, in 2008, the US expressed its interest to become a party. Since then, the TPP has expanded to 12 members, including Australia, Canada, Malaysia, Mexico, Peru and Vietnam. Japan joined the negotiations last year, and South Korea is still considering the advantages and disadvantages of membership.

The TPPA is the forerunner to the US-EU pact TTIP (Trans-Atlantic Trade and Investment Partnership), for which President Obama initiated US-EU negotiations in January 2013. The TPPA, if ratified, will be the largest-ever economic treaty, encompassing nations representing more than 40 per cent of the world's GDP. In combination, the TPPA and TTIP will cover more than 60 per cent of global GDP.

## General Concerns about the TPPA

Critics have argued that the TPPA suffers from a serious lack of transparency, threatens to impose more stringent copyright without public input, and pressures foreign governments to adopt unbalanced laws. As to this first concern, the TPP nations have not officially released any texts or negotiating positions to the public, with the only information that the public has about the contents of the TPPA intellectual property chapter obtained from a leaked draft US proposal from February 2011, and more recently, in November 2013, by WikiLeaks.<sup>1</sup>

The IP Chapter published by WikiLeaks is perhaps the most controversial chapter of the TPPA due to its wide-ranging effects on medicines, publishers, internet services, civil liberties and biological patents. Significantly, the released text includes the negotiation positions and disagreements amongst the 12 prospective member states. Significantly,

those confidential draft TPPA documents published by WikiLeaks reveal that the US and other TPP nations remain divided over the intellectual property proposals sought by the US.

A second major concern with the TPPA relates to the need for and lack of public input. The TPPA IP Chapter is not limited to provisions on trade and tariffs. It would implement substantive provisions of copyright law, which would affect users, technology companies, and creators. Despite this, the US in particular has not made any meaningful attempts to inform or engage the public, with only the large corporate sector allowed to view and influence the US's negotiating position.

## The TPPA and IP Rights

While the TPPA covers a broad range of trade agreements, such as those around pharmaceutical

access. The IP Chapter is also of significance in its impact on the IT industry and to internet service providers.

To date, the US has been particularly intransigent in its demands for stronger IP protection to champion the rights of its global giants such as pharmaceutical companies, IT companies and its domestic film and music industries. For example, every other proposed member state was opposed to the US's demands on the term of IP protection, pharmaceuticals data protection and parallel importation.

The longest section of the IP Chapter – “Enforcement” – details new policing measures, with far-reaching implications for individual rights, civil liberties, publishers, internet service providers and internet privacy, as well as for the creative, intellectual, biological and environmental commons. Specific measures proposed under the TPPA include supranational litigation tribunals to which sovereign national courts are expected to defer, but which have no human rights safeguards. The IP Chapter states that these courts can conduct hearings with secret evidence. It also replicates many of the surveillance and enforcement provisions from the shelved US *Stop Online Piracy Act* (SOPA) and *Anti-Counterfeiting Trade Agreement* (ACTA) treaties.

Furthermore, the US is pushing to impose criminal penalties for “unintentional infringements on copyright”. This could include copying movies, games and music. Critics of the TPPA maintain that Australians could thus face significant new penalties if caught sharing copyright-infringing material online, and ISPs may potentially face new obligations to enforce copyright for rights holders. Australia has been opposed to this position and was also noted as raising concerns in the pharmaceutical area. As they stand, the copyright provisions in the TPPA will carve a highly restrictive copyright regime into stone and prevent countries from enacting laws that best address and promote users’ interests.

It has also been posited that the US TPPA proposals on intellectual property, as they apply to patents, would add significantly to the overall cost of medicines. Some of the US proposals for extensions to IP rights as they apply to patents include: patent protection for new forms of existing drugs; the patenting of diagnostic, therapeutic and surgical methods; the elimination of pre-grant opposition;

and extensions to data-exclusivity periods for some drugs.

Some analysis of these proposed provisions have identified areas where the TPPA provisions extend patent protection beyond comparable Australia-United States Free Trade Agreement (USFTA) patent provisions and existing Australian law. As a case in point, proposed Article 8.1 of the IP Chapter of the TPPA provides patent protection for new forms, uses or methods of using a known product, while Article 17.9.1 of the AUSFTA does not require patent protection to be provided for new forms of existing drugs. Although, in practice, new forms are sometimes patented, the TPPA proposals would restrict efforts to tighten patenting standards in future.

Furthermore, proposed Article 8.2 requires the patenting of diagnostic, therapeutic and surgical methods, whereas Article 17.9.2 of the AUSFTA allows for its exclusion. This change could restrict expeditious patient access to new clinical developments and substantially add to health care costs. Proposed Article 8.7 would also eliminate pre-grant opposition to patent applications by third parties, a safeguard provided for in the *Patents Act 1990* (Cth), which is designed to prevent unwarranted patents from being granted.

But, perhaps of most concern, are the provisions for data exclusivity periods – that is, where generic manufacturers cannot use clinical trial data to prepare and register their products for springboarding after patent expiry. Proposed Article 9.214 provides for an additional three years of data exclusivity for new uses of existing pharmaceutical products, in addition to the five years of data exclusivity already permitted under Article 17.10.1 of the AUSFTA. There is also a placeholder for specific provisions for biologics (medicines produced from biological products, which are not currently dealt with separately in Australia). US pharmaceutical companies are reportedly lobbying for 12 years of data exclusivity for biologics. If adopted, these proposals would lead to higher costs to the Australian Pharmaceuticals Benefits Scheme (PBS) (as drugs stay under patent for longer periods) and delayed entry of cheaper generic medicines into the market.

In summary, the US TPPA proposals for extended intellectual property rights and data exclusivity for pharmaceutical companies would require changes to Australian laws and administrative processes.

# General Editorial – The Vexed Issue of Trading Off IP Rights in International Free Trade Agreements: The Proposed Trans-Pacific Trade Agreement

They would also conflict with the spirit of the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth)*, which effectively raised standards and facilitated faster regulatory approval for generic medicines.

Relevantly, in the Profile published in this issue of the journal, Michael Kirby makes a particular pertinent observation on this issue with this caveat – that, while there may be certain overall advantages under the TPPA for a member country, if that country is forced, in return, to surrender the TRIPs flexibilities that were hard fought for (and which have now been extended to 2021 for the least developed countries), those overall advantages may mean that the universal human rights that are necessary to human existence and, in the case of pharmaceuticals, to human survival and the right to life are put at risk.

## The TPPA and the Australian Position

From an early stage, the official Australian position on the TPPA was expressed by the Department of Foreign Affairs and Trade in the following rather optimistic terms:

*The TPPA is a viable pathway for realising the vision of a free trade area of the Asia-Pacific. The Asia-Pacific region is a key driver of global economic growth; close to half of all global trade, and around 71 per cent of Australia's trade flows through the region...*

*The Australian Government will pursue a TPP outcome that eliminates or at least substantially reduces barriers to trade and investment. The TPP is more than a traditional trade agreement; it will also deal with behind-the-border impediments to trade and investment...*

*Australia's decision to participate in the TPP in 2008 followed an extensive public consultation process. Overall, there was widespread interest in and support for Australia's participation in the TPP. Input received through the consultation process is being used to inform the Government's priorities and objectives for Australia's ongoing work on the TPP.<sup>2</sup>*

However, the details of the secret trade negotiations as exposed by WikiLeaks paint a somewhat less than positive picture. Australians could pay more

for drugs and medicines, movies, computer games and software, and be placed under surveillance as part of a US-led crackdown on internet piracy.

Some IP commentators are also critical of the TPPA in its proposed form, arguing that the treaty would benefit only the multinational movie and music industries, IT companies and pharmaceutical manufacturers to maintain and increase prices by reinforcing the rights of copyright and patent owners, clamping down on online piracy, and raising obstacles to the introduction of generic drugs and medicines.

Proposals with the potential to impact significantly on Australia's PBS include a requirement that patents be available for new uses of existing drugs, effectively permitting the "evergreening" of existing patents; compensation to companies for delays in the grant or extension of patents; and measures to ensure data exclusivity to allow companies to prevent competitors, specifically manufacturers of generic medicines, from using past clinical safety and efficacy data to support approval of new products.

Australia is on the record as having indicated its opposition to many of these IP reform proposals in the draft TPPA, however whether this opposition has any teeth remains to be seen. Notably, neither the former Labor Government nor the new Coalition Government has publicly challenged the US position.

## The Future of the TPPA

In December 2013, a round of what were anticipated in some quarters to be final negotiation talks held in Singapore failed to result in an agreement between the 12 nations, consequently exceeding the original expectation that the TPPA would be finalised by the end of 2013. At the time, the Office of the US Trade Representative issued a statement to the effect that negotiators had made "substantial progress towards completing the Trans-Pacific Partnership agreement" and had "identified 'potential landing zones' for the majority of key outstanding issues", but that, ultimately, additional work was required.

Back in the US, Congressional leaders on US trade policy introduced legislation that would grant President Barack Obama "fast-track authority" to enact three looming global trade accords, including the TPPA. That legislation would prevent members

of Congress from offering amendments to a still-unfinished deal between the 12 Pacific nations, and would instead force an up-or-down vote on whatever deal the Obama administration eventually reaches. However, the House Democrats have since balked at the Bill, thereby significantly hampering the prospects for the Bill's passage.

A further round of negotiations on the TPPA between the 12 Pacific nations is scheduled to take place in January 2014.

## This Issue

This special edition of the journal puts a spotlight on the topic of cyberlaw. It features four outstanding articles. See a discussion by Dr Faye Wang below, who convened the conference and kindly arranged for the assembly of these papers.

This issue's Profile celebrates the seemingly enduring, stellar career of The Honourable Michael Kirby. In this conversation, I canvass with the former High Court Justice a range of legal issues presently close to his heart – from his United Nations work for the UNDP Global Commission on HIV and the Law (which raises important intellectual property law-related issues) and his inspiring current efforts as Chair of the UN Human Rights Commission of Inquiry presently investigating human rights violations in the Democratic People's Republic of Korea, to his considered views on the proposed Trans-Pacific Partnership Agreement and on the legal recognition of same-sex marriage in Australia.

I am delighted to welcome the distinguished barrister, Julian Burnside AO, QC to the Editorial Board of the journal. Julian will bring to the journal a wealth of IP experience and knowledge. He will be a most valuable addition to the Board.

Finally, as always, I thank the regular correspondents to the Current Developments section of the journal. I am indebted to their continuing commitment, providing reports that keep us all abreast of the latest developments in the world of intellectual property law.

- 1 The 95-page IP Chapter sets out provisions for instituting a far-reaching, transnational legal and enforcement regime, modifying or replacing existing laws in TPP member states. The Chapter's subsections include agreements relating to patents (who may produce goods or drugs), copyright (who may transmit information), trade marks (who may describe information or goods as authentic) and industrial designs. The full transcript of the leaked negotiating text can be found at: <http://wikileaks.org/tpp/>.
- 2 Australian Government, Department of Foreign Affairs and Trade. Available at: <https://www.dfat.gov.au/fta/tpp/>. Accessed 21 January 2014.

# General Editorial – The Vexed Issue of Trading Off IP Rights in International Free Trade Agreements: The Proposed Trans-Pacific Trade Agreement

## Appendix

### **SLS Cyberlaw Section Editorial (2013): Techlaw Principles and Implementation**

**Faye Fangfei Wang**

**Dr Faye Wang, Convenor, Society of Legal Scholars (SLS) UK**

Cyberlaw is a fascinating subject due to its interdisciplinary nature – crossing from civil law to criminal law and from social sciences to computer science. It has come a long way since the early days of the internet, and its importance has been gradually recognised.

Since 2005, members of the Society of Legal Scholars (SLS) and other scholars/practitioners from all over the world have met and presented their work at the SLS annual conferences at host universities in the UK. It is a great honour for the Cyberlaw Section to be a part of the SLS which is a learned society with more than 100 years of history. It has been my great pleasure convening the SLS Cyberlaw Section since 2009. At our SLS Cyberlaw Section meetings, we update each other on current developments in cyberlaw and discuss high-quality research relevant to legal issues in the information society.

Our debate reflects on the impact of the advent of information technology on legal theory and practice. Emerging technologies infuse new patterns into the operation of commercial enterprises and the life of individuals. Today, more than ever before, we need mature and effective cyberlaw to protect our rights in the information society, and to help us to cope with the increasing challenges that new technologies place upon us; for example, automated agents may know us better than we know ourselves – they can make decisions for individuals based on the collected data and models of individuals' preferences.

For example, with the recent invention of Google Glass technology, a device can be worn by an individual and used to constantly film and record audio of other people in the environment. With the possible future civilian use of so-called “beaming” technology, a robot can physically represent an individual or legal entity to meet with other parties and participate in activities in another place or country. Can we say, bit by bit, that we are stepping into an age of “automation”? And, if that is so, how should we prepare for it?

The Ninth SLS Cyberlaw Section Annual Meeting at the SLS annual conference, which was hosted by the University of Edinburgh from 5-6 September 2013, aimed to:

- Show the gaps in the global regulatory frameworks with regard to the use of information technology.
- Discuss the role and responsibility of online intermediaries to protect data privacy, intellectual property and consumer rights.
- Discuss how to adapt effective mechanisms to resolve internet-related disputes.
- Consider the need for an integrated horizontal approach (to implement tech law principles) to deal with the regulation of the internet.

This SLS special edition of Intellectual Property Forum seeks to address some of the topical issues concerning tech law principles and their implementation which were discussed at the Annual Meeting.

The first article (which was the (keynote) paper), “Are Techlaw Principles in the Ascendancy?” by Mr Graham Smith (Partner, Bird & Bird, London), provides his pioneer theory on techlaw principles and some excellent insights into whether techlaw principles, such as functional equivalence and technological neutrality, are starting to mould other areas of law such as copyright. As Mr Smith rightly points out, copyrights enjoy greater reach over digital copies than over hard copies but the unforeseen accident of technology may require developing copyright legislation into better shape by reaching outside a single statute and creating balance.

The second article, “Sale of Goods and Intellectual Property: Problems with Ownership” by Dr Sean Thomas, Senior Lecturer in Commercial Law at the University of Leicester, provides a strong theoretical debate on the relationship between IP rights and the law of sale of goods. It explores the impact of the connection between them, and, as the author identifies, now in the digital era, issues raised by how the interrelationship of sale of goods law and intellectual property law have raised concerns, in particular the matter of the determination of ownership. The article skilfully analyses the effect of potential growth in embedded and nanotechnologies, as well as the impact of IPR pirates, trolls, and tyrants.

The third article, “Can Europe Learn from US E-discovery?” by Dr Giacomo Pailli at the



University of Florence successfully provides a practical view on the production of documents in the digital age by exploring why a European scholar should approach the topic of electronic discovery in general, beginning from a sense of fascination toward one of the features of the so-called American Exceptionalism.

The fourth and final article in this special edition on cyberlaw, “Ratemylegalrisk.com: The Legality of Online Rating Sites Relating to Individuals in Data Protection Law” is by Dr Andreas Ruehmkorf, Lecturer in Commercial Law at the University of Sheffield. As many of us are aware, students today can rate their teachers on independent online review sites; clients can also rate their solicitors on those sites. It is debatable whether they are legal. This article is highly topical in its discussion on the legality of online review sites relating to individuals. It offers useful insights into the question as to whether the use of the personal data and the rating of individuals who have not consented to be the subject to such online ratings are lawful. The author seeks to strike the balance of the countervailing rights to privacy of the rating subjects and the right to freedom of expression of the raters.

I would like to take this opportunity to thank SLS Cyberlaw Section speakers for their kind support to the annual meetings and its journal editions. It has been a privilege to collaborate with IPSANZ on this special edition of the journal. I would like to express my special thanks to the editor of *Intellectual Property Forum*, Mr Christopher Sexton, for being exceptionally supportive. It has been a great delight working with him and with the authors for this special edition.