Compulsory licensing under the Patents Act 1990 to remedy anticompetitive conduct under the Trade Practices Act 1974

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The Intellectual Property Laws Amendment Act 2006 (Cth) amended the Patents Act 1990 (Cth) by providing a specific remedy for compulsory licensing under the Patents Act for a breach of competition laws, such as Pt IV of the Trade Practices Act 1974 (Cth). This article examines the evolution of this amendment and its likely operation. The article concludes that the hurdles for this compulsory licensing scheme under the Patents Act seem impractical when the same, or an arguably superior, remedy is already available under the Trade Practices Act.

INTRODUCTION

A “compulsory licence”1 under the Patents Act 1990 (Cth) (Patents Act) for a “standard patent”2 traces its origins to a concern that foreign patent owners might limit domestic prosperity by hindering domestic manufacture and industry development and, at the same time, extract monopoly profits.3 Promoting domestic industry and development may no longer be the imperative,4 but compulsory licensing does potentially provide a useful tool to implement the pro-competition objectives under the Patents Act5 where the patent holder might seek to inefficiently take advantage of the statutory privilege to impose high prices or restricted access contrary to a broader “public interest”.6 The

1 Defined to mean “a licence granted under an order made under s 133 [of the Patents Act 1990 (Cth)]: Patents Act 1990 (Cth), Sch 1 (‘compulsory licence’).  
2 Patents Act 1990 (Cth), s 61 and Sch 1 (“standard patent”). Provision is also made for the compulsory licensing of certified “innovation patents” (s 133(1) and (1A)) and Crown use without the patent holder’s authorisation (ss 163-172).  
3 Industrial Property Advisory Committee (the Stonier Committee), Patents, Innovation and Competition in Australia (AGPS, 1984), p 28. See also Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 575 (Menzies J).  
4 For example, the R&D Tax Concessions were extended to multinational businesses that hold their intellectual property overseas from 1 July 2007, recognising that making “Australia a more attractive place for world class innovation will boost investment, expand our skills base and help anchor the local arms of leading multinationals in Australia”: see Australian Government, Global Integration: Changing Markets, New Opportunities, Industry Statement (Department of Industry, Tourism and Resources, 2006), p 9. Further, in the Patents Act 1990 (Cth), s 135(1), the former provision in the Patents Act 1952 (Cth), s 110(1), setting out an importing ground for the grant of a compulsory licence, was omitted: “the reasonable requirements of the public shall be deemed not to have been satisfied: … (d) if the working of the patented invention in Australia on a commercial scale is being hindered by the importation from abroad of the patented article by: (i) the patentee or persons claiming under him; (ii) by persons directly or indirectly purchasing from him; or (iii) by other persons against whom the patentee is not taking, or has not taken, proceedings for infringement”. However, this may be because these provisions were adequately addressed by the other criteria set out in the Patents Act 1990 (Cth): see Stonier Committee, n 3, p 30. See also Intellectual Property and Competition Review Committee (the Ergas Committee), Review of Intellectual Property Legislation Under the Competition Principles Agreement (IP Australia, 2000), p 162.  
5 At best the government’s policy objectives for patents are couched in generalised terms such as “strengthen our intellectual property (IP) management processes and increase access to global research and technologies” (Commonwealth of Australia, Backing Australia’s Ability: An Innovation Action Plan for the Future (Big Island Graphics, 2001), p 18), and to variously stimulate invention (and innovation), increase the public availability of information about new technology, encourage entrepreneurs, promote investment and address free-riding on investment in intellectual effort (Ergas Committee, n 4, pp 136-138).  
6 For example: to promote competition by prohibiting certain forms of anticompetitive conduct: Stonier Committee, n 3, pp 25-27; to “facilitate access to patented genetic materials and technologies for use in research and development”: Australian Law Reform Commission (Weisbrot Committee), Genes and Ingenuity: Gene Patenting and Human Health, ALRC 99 (SOS
government recently amended the compulsory licence provision in the Intellectual Property Laws Amendment Act 2006 (Cth) (IPLA Act) “to further promote the efficient use of patents and promote competition”\(^7\) by restricting the venue for awarding a compulsory licence to the Federal Court (with an appeal open to the High Court),\(^8\) reformulating the existing threshold requirements for the grant of a compulsory licence,\(^9\) and adding a so-called “competition test”.\(^10\) The Patents Act, as amended, now provides, in part, that:

\[(1) \ldots \text{a person may apply}\(^{11}\) to the Federal Court,\(^{12}\) after the end of the prescribed period,\(^{13}\) for an order\(^{14}\) requiring the patentee\(^{15}\) to grant the applicant a licence\(^{16}\) to work\(^{17}\) the patented invention.\(^{18}\)\]

\[\ldots\]

\[(2) \text{After hearing the application, the court may, subject to this section, make the order if satisfied that:}\]

\[(a) \text{all the following conditions exist:}\]

\[(i) \text{the applicant has tried for a reasonable period, but without success, to obtain from the patentee an authorisation to work the invention on reasonable terms and conditions};\(^{19}\]

\[(ii) \text{the reasonable requirements of the public with respect to the patented invention have not been satisfied;}\]

\[(iii) \text{the patentee has given no satisfactory reason for failing to exploit the patent; or}\]

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\(^8\) Intellectual Property Laws Amendment Act 2006 (Cth), Sch >8 (Items 1, 4 and 6).

\(^9\) Intellectual Property Laws Amendment Act 2006 (Cth), Sch 8 (Items 2 and 3).

\(^10\) Intellectual Property Laws Amendment Act 2006 (Cth), Sch 8 (Items 2 and 5).

\(^11\) The application must include: “(i) the name and address of the applicant; and (ii) the address for service in relation to the application; and (iii) the identity of the patent; and (iv) if the applicant relies on the ground mentioned in para 133(2)(a) of the Act – facts supporting the assertion that the reasonable requirements of the public with respect to the patented invention have not been satisfied; and (iva) if the applicant relies on the ground mentioned in para 133(2)(b) of the Act – facts supporting the assertion that the patentee has contravened, or is contravening, Pt IV of the Trade Practices Act 1974 ([Cth]) or an application law (as defined in section 150A of that Act) in connection with the patent; and (v) for an innovation patent – the date that the patent was certified” and “a declaration by the applicant to the effect that the facts in the statement are true to the best of the knowledge of the applicant”: Patents Regulations 1991 (Cth), r 12.1(2)(a) and (b).

\(^12\) Noting that an appeal may be open to the High Court: see Federal Court Act 1976 (Cth), s 33.

\(^13\) This is “the period of 3 years after the date of sealing of the patent to which the application relates”: Patents Regulations 1991 (Cth), r 12.1(1).

\(^14\) Noting that “[a]n order operates, without prejudice to any other method of enforcement, as if it were embodied in a deed granting a licence and executed by the patentee and all other necessary parties”: Patents Act 1990 (Cth), s 133(4).

\(^15\) The term “patentee” means “the person for the time being entered in the Register as the grantee or proprietor of a patent”: Patents Act 1990 (Cth), Sch 1 (“patentee”).

\(^16\) The term “licence” means “a licence to exploit, or to authorise the exploitation of, a patented invention”: Patents Act 1990 (Cth), Sch 1 (“licence”).

\(^17\) The term “‘work’, in relation to a patented invention, means: (a) where the invention is a product – make or import the product; or (b) where the invention is a method or process – use the method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use”: Patents Act 1990 (Cth), Sch 1 (“work”).

\(^18\) The chapeau of this subsection was also amended to address certified “innovation patents”: Patents Amendment (Innovation Patents) Act 2000 (Cth), s 3 and Sch 1 (Item 66).

\(^19\) Noting that this threshold requirement was formally set out in Patents Act 1990 (Cth), s 133(3A). See also Patents (World Trade Organization Amendments) Act 1994 (Cth), s 11.
(b) the patentee has contravened, or is contravening, Pt IV of the Trade Practices Act 1974 [(Cth)] or an application law (as defined in section 150A of that Act)\[20\] in connection with the patent.\[21\]

There are a number of other practical limitations on the grant of a compulsory licence under this provision. The court may grant a compulsory licence on any terms except that: the licence must not be exclusive;\[22\] it may “be assignable only in connection with an enterprise or goodwill in connection with which the licence is used”;\[23\] the order must not be “inconsistent with a treaty between the Commonwealth and a foreign country”;\[24\] and the patent holder must be appropriately compensated.\[25\] Further provision is also made for circumstances where another patent may be infringed in exercising the ordered compulsory licence (dependent patent).\[26\]

The effect of the IPLA Act amendments was to establish two separate schemes: one focused on addressing making patented products, methods or processes, and products of patented methods or processes available without the authorisation of the patent holder; the second provided a remedy for contravention of competition laws, such as Pt IV of the Trade Practices Act 1974 (Cth) (Trade Practices Act)\[27\].

The purpose of this article is to address the likely operation of the latter scheme, examining the likely exercise of the discretion inherent in the grant of any compulsory licence under the Patents Act and considering the evolution of the “competition test” amendment set out in the IPLA Act and its intended operation. The article provides an examination of the likely effect of the government’s commitments in international agreements, including the Australia-United States Free Trade Agreement (AUSFTA)\[28\] and the World Trade Organisation’s Agreement on Trade Related Aspects of Intellectual Property Rights annexed to the Marrakesh Agreement Establishing the World Trade Organisation (TRIPS),\[29\] and addresses some of the additional restrictions imposed by the Patents Act. The final section of the article sets out the conclusion that the “competition test” amendment is unlikely to be a practical remedy for contravention of Pt IV of the Trade Practices Act because of the limited scope of a compulsory licence order under the Patents Act. These hurdles seem unattractive when the same, or an arguably superior, remedy is already available under the Trade Practices Act.

**EXERCISING THE DISCRETION**

The granting of a compulsory licence under the Patents Act is discretionary: “the court may, subject to this section, make the order if satisfied that …”.\[30\] How the court might exercise that discretion was examined by Menzies J in the High Court in Fastening Supplies Pty Ltd v Olin Mathieson Chemical

\[20\] The significant consequence of this definition is to expand the operation of the Trade Practices Act 1974 (Cth) to the “Competition Code” and that, in part, rewords the Trade Practices Act 1974 (Cth), Pt IV, so that it applies to “a person” rather than just “a corporation”.

\[21\] Patents Act 1990 (Cth), s 133. The phrase “in connection with the patent” is not a technical phrase and simply means that the contravening conduct must in some way be traceably connected to the patent: see, eg Maggbury Pty Ltd v Hafele Australia Pty Ltd (2001) 210 CLR 181 at 206; 185 ALR 152 at 170 (Kirby J); Speedy Gantry Hire Pty Ltd v Preston Erection Pty Ltd (1998) 40 IPR 543 at 554 (Emmet J).

\[22\] Patents Act 1990 (Cth), s 133(3)(a).

\[23\] Patents Act 1990 (Cth), s 133(3)(b).

\[24\] Patents Act 1990 (Cth), s 136.

\[25\] Patents Act 1990 (Cth), s 133(5).

\[26\] Patents Act 1990 (Cth), s 133(3B)(b).

\[27\] See Commonwealth of Australia, House of Representatives Hansard, 30 March 2006, p 15 (Robert Baldwin, Parliamentary Secretary to the Minister for Industry, Tourism and Resources); Commonwealth of Australia, Senate Hansard, 8 August 2006, p 74 (Amanda Vanstone, Minister for Immigration and Multicultural Affairs).

\[28\] Australia-United States Free Trade Agreement (2005) ATS 1 (AUSFTA), Arts 17.1.1 and 17.1.6.

\[29\] Agreement on Trade Related Aspects of Intellectual Property Rights (1995) ATS 8, Annex 1C, Pt 2, s 5 (TRIPS), Arts 2(1), 31 and 31bis.

\[30\] Patents Act 1990 (Cth), s 133(2).
Corp (1969) 119 CLR 572 considering the words “[where] the court is satisfied that … the court may order the patentee to grant licences” in the Patents Act 1952 (Cth).31 The patent in that case concerned improvements to an explosive bolt gun used to fasten materials together and, in particular, “the automatic return of the driving ram from its fired position to its firing position”.32 The available evidence showed that the patent was licensed to an Australian subsidiary (Ramset Fasteners (Aust) Pty Ltd) by a United States corporation (Olin Mathieson Chemical Corporation, itself an assignee of the patent from Ramset Fasteners Inc) that was manufacturing the guns in the United States.33 However, no guns had been imported into Australia and the guns were not manufactured and made available for sale in Australia until after the petition was lodged.34 Before the petition was lodged, however, Fastening Supplies had bought and sold similar guns that would have infringed the patent and had been advised to cease the sales and account for the profits by Olin Mathieson.35 In response Fastening Supplies sought a licence but was advised by Olin Mathieson that Ramset was its exclusive licensee in Australia, and was not prepared to grant a sublicense.36 In short, there was a market for such bolt guns,37 it was common ground that the invention was a better gun,38 and those authorised to supply the market were not supplying the market (either by local manufacture or importing).39

The issue for Menzies J based on the construction of the provision was characterised as a discretion for the court to award, or not award, a compulsory licence if satisfied “that the reasonable requirements of the public with reference to the patented invention have not been satisfied”.40 Menzies J considered that the exercise of this discretion was necessary following an affirmative finding that one of the listed deeming circumstances about “reasonable requirements of the public” had been satisfied.31 As a matter of construction, Menzies J considered that the discretion should be exercised according to the circumstances at the time of hearing the petition, and not at the time the petition was lodged.42 In exercising the discretion, Menzies J stated, albeit not as a comprehensive statement of the discretion’s boundaries:

As, however, the discretionary power is conferred for the public good, it seems to me that an order should follow an affirmative finding [that the reasonable requirements of the public with reference to the patented invention have not been satisfied] unless the Court is satisfied that there is some sound reason for declining to make the order. Such a reason would, I think, be that local manufacture has been established by the patentee and a satisfactory reason has been given for delay in fulfilling a long-standing intention to establish such manufacture or that the applicant for a compulsory licence is not a person fitted to be a licensee. The capacity of a prospective licensee to maintain the reputation of the patented article is a matter of legitimate concern to the patentee and to the Court.43

Menzies J was satisfied on the evidence that, at the time the petition was lodged, the reasonable requirements of the public with respect to the patented article had not been satisfied:

31 See Patents Act 1952 (Cth), s 108(3).
32 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 576.
33 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 576-577.
34 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 577.
35 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 577.
36 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 577-578.
38 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 576-577.
39 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 578.
40 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 574.
41 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 574.
42 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 575. While there was no authority cited, a clear statement of the principle was articulated in Re Application of McKechnie Bros (1934) 51 RPC 461 at 467 (Luxmore J).
43 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 574-575. Another reason might be that the patentee was reasonably supplying the market with an exact equivalent of what was covered by the patent: see, eg SmithKline Beecham Plc v Aposix Europe Ltd [2003] FSR 30 at [26]-[28] (Jacob J).
None [of the guns] had been available to the public despite a potential demand which became actual as soon as the articles made in accordance with the invention became available to the market.44

According to Menzies J’s construction, the next issue was to exercise his discretion in favour of awarding a compulsory licence unless there was some sound reason for declining to make the order.45 In deciding not to exercise the discretion (that is, against ordering a compulsory licence), Menzies J considered evidence of the reasons why Ramset (and Olin Mathieson) had not supplied the market in Australia until after the petition was lodged. The main reasons from the patent holder’s side (Ramset) appear to have been that there were “substantial difficulties” and “considerable efforts” in designing a tool that could be manufactured in Australia that was suited to the Australian market, and that there was a reasonable commercial decision to defer manufacture until a satisfactory gun could be manufactured in Australia:

The evidence establishes to my satisfaction that the manufacture, which has now been established in Australia by Ramset, is not merely a belated response to the petition for a compulsory licence.46

Meanwhile, from the petitioner’s side there appeared to be no capacity in the form of the skill, knowledge, experience or resources to actually manufacture the patented invention, and there was only an intention to subcontract the manufacture of a similar, but otherwise infringing, gun.47 Further, Menzies J was not satisfied that the petitioner “would produce satisfactory articles, particularly having regard to the evidence … about the complexity of what is involved in making the parts that are necessary”.48 Menzies J also considered that the production then established by Ramset would meet the reasonable requirements of the public for the patented articles and that the petitioner was not “a suitable company to be granted a licence to work the invention by the establishment of manufacture in Australia”.49

In short, a similarly constructed discretion under the Patents Act 1952 (Cth) was exercised by considering the evidence addressing the threshold requirements and, on finding the thresholds were satisfied, exercising the discretion in favour of awarding a compulsory licence unless there was some reason for declining to make the order. There seems no reason to doubt that the discretion might be similarly considered under the current Patents Act. The decision in Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp illustrates a circumstance where the court declined to exercise its discretion; and in which the petitioner acted without full knowledge of the circumstances about why the market was not being supplied (or why an offer to enter into a licence was refused), and with no way to gain this essential knowledge.

THE EVOLUTION AND INTENDED OPERATION OF THE “COMPETITION TEST”

The IPLA Act implemented the government’s response to some of the recommendations of the Intellectual Property and Competition Review Committee (Ergas Committee).50

The Bill implements another recommendation of the Ergas report by amending the Patents Act to add a new ground on which a compulsory licence to use a patent may be granted. Under the existing provisions of the Patents Act, a compulsory licence to use a patent may be granted if the patent owner is not meeting the reasonable requirements of the public in respect of the patented invention. This amendment to the Patents Act 1990 to remedy anticompetitive conduct under the TPA

44 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 577.
45 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 574-575.
46 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 578-580.
47 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 580-582.
48 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 582.
49 Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp (1969) 119 CLR 572 at 583. Interestingly, Menzies J awarded costs against Ramset, recognising that at the time of the petition the reasonable requirements of the public for the patented articles were not satisfied. However, the petitioner was required to pay the costs of the Commissioner of Patents who had referred the matter to the High Court under the Patents Act 1952 (Cth), s 108(2).
50 See House of Representatives Hansard, n 27, pp 14-17; Senate Hansard, n 27, pp 37-76. See also Explanatory Memorandum, n 7, p 44; Further Explanatory Memorandum, Intellectual Property Laws Amendment Bill 2006 (Senate Printing, 2006), p 3.
Lawson

*Act* will retain this existing test for the grant of a compulsory licence, and will add an additional provision, making the compulsory licensing of patents subject to a competition test.51

The Ergas Committee had considered that a compulsory licence was prima facie inconsistent with the “exclusive rights” provided by the *Patents Act*, and that a justification for compulsory licensing was that “the threat of compulsory licensing may lead to innovations being worked sooner and more widely than they would otherwise have been”.52 In these terms, the existing provision was “poorly aligned to securing these goals”, and was “hark[ing] back to a period where the primary concern was the promotion of domestic industry” instead of “securing the best use of resources and achieving high levels of productivity” and “allow[ing] for the legitimate interests of the rights owner to be adequately protected”.53 The Ergas Committee therefore recommended:

that s 135 of the *Patents Act* be repealed and that s 133(2) be amended to include an order requiring a compulsory licence to be made if and only if all of the following conditions are met:

(a) access to the patented invention is required for competition in the (relevant) market;
(b) there is a public interest in enhanced competition in that market;
(c) reasonable requirements for such access have not been met;
(d) the order will have the effect of allowing these reasonable requirements to be better met; and
(e) the order will not compromise the legitimate interests of the patent owner, including that owner’s right to share in the return society obtains from the owner’s invention, and to benefit from any successive invention, made within the patent term, that relies on the patent.

The government’s response was to accept this recommendation “in part”:

In principle, the Government supports the [Ergas] Committee’s recommendation to make the compulsory licensing of patents subject to a competition test. However, as it stands, this recommendation would limit the grounds on which to obtain a compulsory licence to the situation where access to patented technology is required to ensure competition in the (relevant) market, rather than the broader grounds based on the “reasonable requirements of the public”. Depending on its interpretation, this could preclude situations where compulsory licensing could be argued to be valuable from a public policy perspective … Accordingly, the Government believes that the existing tests should be retained and a competition test be added as an additional ground on which a compulsory licence can be obtained.54

The reasons given for rejecting a competition test alone were:

(a) the recommended test may be more stringent in some circumstances than the existing tests and may result in the compulsory licensing provisions ceasing to act as an incentive to negotiate a voluntary licence; and
(b) a competition test will not cover some situations where the non-working of the invention, or other effective denial of reasonable access to it, has some negative effect on the public interest which is not dependant on competition in the market.55

More recently than the Ergas Committee, the Australian Law Reform Commission (Weisbrot Committee) considered compulsory licensing in the context of a mechanism that could facilitate access to patented genetic materials and technologies uses in research and the provision of healthcare.57 The Weisbrot Committee recommended that the *Patents Act* be amended to include a

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51 House of Representatives Hansard, n 27, p 15; Senate Hansard, n 27, p 74.
52 Ergas Committee, n 4, p 162. Notably, the Ergas Committee also reasoned that “at a conceptual level, there may be instances where a compulsory access right is warranted. These include situations in which bargaining between parties is not able to achieve an outcome or, more importantly, situations in which the access right acts as a pro-competitive remedy that tempers the exclusivity that the patent right primarily provides” referring to “[e]xperience in other jurisdictions with compulsory licences” (p 162).
53 Ergas Committee, n 4, p 162.
54 Ergas Committee, n 4, p 163.
57 Weisbrot Committee, n 6, p 611.
Compulsory licensing under the Patents Act 1990 to remedy anticompetitive conduct under the TPA

competition-based test (according to the Ergas Committee recommendation) as an additional ground for the grant of a compulsory licence. The Weisbrot Committee also considered that the retention of the “reasonable requirements of the public” test was necessary to address other public interest grounds for granting compulsory licences. The Weisbrot Committee recommended that the test should not be exhaustive and that the government should “clarify the circumstances in which the reasonable requirements of the public with respect to a patented invention are to be taken not to have been satisfied” (emphasis added).

The form of the government’s response to the Ergas Committee in the IPLA Act (and presumably also to the Weisbrot Committee) was to retain the existing provisions, and add an additional and separate measure directed to contraventions of the competition provisions of the Trade Practices Act and State and Territory laws and the “competition test”.

With the introduction of the Intellectual Property Laws Amendment Bill 2006 (Cth) (IPLA Bill) to the Senate, the Bill was considered by the Senate Selection of Bills Committee, and referred to the Senate Economics Legislation Committee. The Senate Economics Legislation Committee report set out in some detail the government’s perspectives about the operation of the “competition-based test”.

In particular, the government noted that both the Ergas Committee and Weisbrot Committee recommendations were “aimed at promoting competition”, while the proposed amendment in the IPLA Bill was directed to “a remedy for anticompetitive conduct, rather than to aid in promoting competition against the patentee”. The framing of the amendment was, therefore, in a form that required there to be a breach of a competition law for which a compulsory licence was then a possible remedy. This form was necessary to comply with Australia’s existing international commitments in TRIPS and the AUSFTA. Further, the amendment was intended to maintain “the existing test for [the] grant of a compulsory licence for a patent, on the ground that the ‘reasonable requirements of the public’ with respect to the patented invention have not been satisfied”.

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58 Weisbrot Committee, n 6, p 625.
59 Weisbrot Committee, n 6, p 624. The example cited was that “the reasonable requirements of the public might not be satisfied where a patent holder’s monopoly control of its patented medical genetic test has had an injurious effect on the development of skills within the Australian healthcare sector” (p 624).
60 Weisbrot Committee, n 6, p 625.
61 See Explanatory Memorandum, n 7, p 44; Further Explanatory Memorandum, n 50, p 3.
62 Albeit that there has been no formal government response to its recommendations. Notably, IP Australia suggested to the Senate Economics Legislation Committee that the government “has not as yet finalized its response to this report” perhaps suggesting that a response might address the compulsory licensing recommendations: Senate Economics Legislation Committee, Provisions of the Intellectual Property Laws Amendment Bill 2006 (Senate Printing, 2006), p 37.
63 The “application laws” defined in Trade Practices Act 1974 (Cth), s 150A, refers to “a law of a participating jurisdiction that applies the Competition Code” being the various State and Territory Competition Policy Reform Acts. See Explanatory Memorandum, n 7, p 45; Further Explanatory Memorandum, n 50, p 4.
64 See Senate Hansard, n 27, p 73. See also Department of Parliamentary Services, Intellectual Property Laws Amendment Bill 2006, Bills Digest No 159 (Department of Parliamentary Services, 2006), pp 10-12.
65 The reason provided for referring the Bill was to “verify [the] accuracy of [the] implementing legislation with respect to the stated objectives of the [Explanatory Memorandum]”, Senate Selection of Bills Committee, Report No 6 of 2006 (Senate Printing, 2006), p 8.
68 Senate Economics Legislation Committee, n 62, p 38.
72 Senate Economics Legislation Committee, n 62, p 38.
One of the concerns addressed during consideration of the IPLA Bill was whether the amended 
Patents Act provides a complete code for compulsory licensing of patents to the exclusion of other schemes.  
Following the Senate Economics Legislation Committee report the government has clarified the interaction between the Patents Act and the Trade Practices Act as they relate to the amendment:

This provision to be inserted into the Patents Act is intended to complement the remedies available 
under the Trade Practices Act, and is not intended to limit the court’s powers under the Trade Practices 
Act. It is intended to clarify that a compulsory licence for a patent is available as a remedy under the 
Patents Act for any breach of Pt IV of the Trade Practices Act. This is in addition to any other remedies 
that may be available under the Trade Practices Act.

In short, the effect of the IPLA Act amendment was undoubtedly to introduce a further remedy for 
anticompetitive conduct under the Patents Act in addition to the existing remedy provisions in the 
Trade Practices Act. The Trade Practices Act already makes broad provisions for remedies that may 
be crafted to the particular circumstances, without expressly limiting the form or content of the 
remedy, varying the arrangements between the parties to provide access to the patent-protected 
product or process (in effect like a compulsory licence). 

The remedies available may be broadly categorised as private remedies to address the (actual or prospective) loss or damage to an individual, and public remedies directed more broadly at promoting competition and consumer concerns in the 
public interest. The range of remedies includes injunctions, undertakings and ancillary relief in the 
form of “such order or orders as it [the court] thinks appropriate”. Importantly, this will also include 
granting, in effect, compulsory licences that provide access to the patent-protected product or process: 
the High Court of Australia [has] indicated [in NT Power Generation Pty Ltd v Power and Water 
Authority (2004) 219 CLR 90] that, if an intellectual property owner refuses to license intellectual 
property, or only licenses it on particular conditions, s 46 of the Trade Practices Act can be 
used to create access regimes. However, the Trade Practices Act does not include a specific 
provision under which a person can directly apply to the court for a compulsory licence of a patent.

The remaining question is whether the Patents Act will, in practice, deliver a usable remedy 
following a finding that conduct has contravened the Trade Practices Act? The following discussion 
addresses limitations and restrictions within the Patents Act itself, suggesting that the IPLA Act 
amendment may be of limited practical usefulness.

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74 Further Explanatory Memorandum, n 50, p 4. See also Senate Economics Legislation Committee, n 62, p 18. Notably, the 
government clarified in the second reading speeches that: “[t]his further explanatory memorandum clarifies that the provision to 
be inserted in the Patents Act is intended to complement the remedies available under the Trade Practices Act and is not 
intended to limit the court’s powers under the Trade Practices Act. It also clarifies that a compulsory licence for a patent is 
available as a remedy under the Patents Act for any breach of Pt IV of the Trade Practices Act in addition to any other remedies 
that are currently available under the Trade Practices Act. As a result, a party affected by a patent holder’s anticompetitive 
conduct will have a great number of options – either seeking any of the remedies that are currently available under the under the 
Trade Practices Act or seeking the remedy of a compulsory licence under the Patents Act”. Commonwealth of Australia, Senate 
Hansard, 14 September 2006, pp 66-67 (Grant Chapman, South Australia).  
75 While there is no Australian authority illustrating this proposition, the United States and European experience shows that 
competition (antitrust) laws routinely award compulsory licences and these same practices would undoubtedly also apply in 
Australia: see, eg Lawson C, “Patenting Genes and Gene Sequences and Competition: Patenting at the Expense of Competition” 
Commission (Magill) on Australian and New Zealand Competition Law” (1997) 25 ABLR 4. See also NT Power Generation 
Pty Ltd v Power and Water Authority (2004) 219 CLR 90 at 120-122 (McHugh ACJ, Gummow, Callinan and Heydon JJ) 
confirming the application of Trade Practices Act 1974 (Cth), s 46, remedies to intellectual property, albeit obiter dicta.  
76 Trade Practices Act 1974 (Cth), s 80.  
77 Trade Practices Act 1974 (Cth), ss 80 and 87B.  
78 Trade Practices Act 1974 (Cth), s 87.  
79 Further Explanatory Memorandum, n 50, p 4.
TRIPS AND AUSFTA LIMITATIONS

The role of international agreements is central to the granting of compulsory licences under the Patents Act because the Patents Act expressly provides that: “[a]n order must not be made [for the grant of a compulsory licence under the Patents Act] that is inconsistent with a treaty between the Commonwealth and a foreign country”. The significant international treaties that are likely to affect every compulsory licence order under the Patents Act are TRIPS and the AUSFTA. The point to be made about this analysis is that the simple incorporation of this limitation within the Patents Act has glossed over complex questions of treaty interpretation. This is likely to make the order of a compulsory licence potentially time consuming and expensive, as the court attempts to resolve contentious treaty interpretation issues. The following analysis illustrates the likely complexity of this task.

Article 31 of TRIPS provides for a Member to have laws that allow “other use of the subject matter of a patent without the authorization of the right holder” subject to respecting conditions and procedures aimed at protecting the “legitimate interests” of the rights holder. The “other use” refers to “use other than that allowed under Art 30”. Article 30 provides that there may only be “limited exceptions” to the exclusive rights provided by a patent, and only if those exceptions “do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties” will they be allowed. “Normal exploitation” includes the “exclusive rights” prescribed in Art 28 as “making, using, offering for sale, selling, or importing the product”, “using the process”, and “using, offering for sale, selling, or importing” the product of the process. Article 31 addresses both government use (Crown use) and use by a third party that has been authorised by government (compulsory licence). Most importantly, this Art 31 also addresses some of the controversy reflected in the Paris Convention for the Protection of Industrial Property (Paris Convention 1967).

Article 5A of the Paris Convention 1967 did not address either the limits to the granting of third-party authorisation (other than imposing a short period before which a grant might be made) or compensation to the patent holder:

1. Each country of the Union shall have the right to take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work.
2. Forfeiture of the patent shall not be provided for except in cases where the grant of compulsory licenses would not have been sufficient to prevent the said abuses. No proceedings for the forfeiture or revocation of a patent may be instituted before the expiration of two years from the grant of the first compulsory license.
3. A compulsory license may not be applied for on the ground of failure to work or insufficient working before the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period expires last; it shall be refused if the patentee justifies his inaction by legitimate reasons. Such a compulsory license shall be non-exclusive and shall not be transferable, even in the form of the grant of a sub-license, except with that part of the enterprise or goodwill which exploits such license.

80 Patents Act 1990 (Cth), s 136.
The effect of the Paris Convention 1967, Art 5A, remains uncertain, although potentially it justifies “legislative measures” to prevent “abuses” that might include almost any activity or circumstances a Member State defines as an “abuse”, including to protect military security, public health, and so on. Further, the “legislative measures” may be a compulsory licence or forfeiture, according to the order set out in Art 5A(3) and (4).

Article 2(1) of TRIPS preserves the Paris Convention 1967 for Members and the interaction between TRIPS, Art 31, and the Paris Convention 1967, Art 5A, presumes there is some continuing operation for the Paris Convention 1967, Art 5A, albeit unclear. Some commentators assert, however, that the Paris Convention 1967 “only deals with compulsory licenses granted for failure to work” and that this issue was resolved by TRIPS, Art 28(1), providing for importation to satisfy any failure to work, or Art 27(1) providing that patent rights shall be enjoyable without discrimination as to whether products are imported or locally produced. Others assert that a local working may be found in TRIPS either through the Paris Convention 1967, Art 5A, or as allowable under Art 31 itself, so long as the prescribed conditions are satisfied. Perhaps importantly, the Paris Convention 1967, Art 5A, has a broader application than just “failure to work”, and if it was not intended to apply as a part of TRIPS (or was to be replaced by TRIPS, Art 31) then the provision might have been expected to be expressly excluded in TRIPS, Art 2(1). As an indication that this issue remains unresolved, some Members continue to include such measures in their domestic laws. For example, the request for consultation in Brazil – Measures Affecting Patent Protection resulted in the government of Brazil agreeing to consult with the United States government before issuing a compulsory licence over a patent held by a United States resident without accepting that their laws were necessarily inconsistent with TRIPS, Art 31.


85 See Bodenhausen, n 84, pp 69-71. Notably some commentators assert that as the conduct for the purposes of the Paris Convention 1967, Art 5A(2), must be an “abuse”, this does not include some public interest justifications: see Watal, n 82, p 319 and the references therein.

86 See Bodenhausen, n 84, p 69.


89 See, eg Bodenhausen, n 84, p 70.

90 See, eg Champ P and Attaran A, “Patent Rights and Local Working under the WTO TRIPS Agreement: An Analysis of the US-Brazil Patent Dispute” (2002) 27 Yale J Int’l L 365 at 392. For example, Bodenhausen states “[o]ther examples of such abuses may exist in cases where the owner of the patent, although working the patent in the country concerned, refuses to grant licences on reasonable terms and thereby hampers industrial development, or does not supply the national market with sufficient quantities of the patented product, or demands excessive prices for such product. The member States are free to define these, and other, abuses”: Bodenhausen, n 84, p 71. See also Reichman and Hasenzahl, n 84, pp 13-14.

91 See Watal, n 82, pp 317-319.


Compulsory licensing under the Patents Act 1990 to remedy anticompetitive conduct under the TPA

The text of TRIPS, Art 31, originated from a proposal to restrict compulsory licensing in the initial TRIPS proposal.\(^{96}\) While this provision does not specify the grounds for allowing other use without the patent holder’s authorisation,\(^{97}\) it does impose conditions and procedures on the circumstances in which other use without the patent holder’s authorisation may be allowed.\(^{98}\) The conditions and procedures are as follows: each authorisation is to be considered on its merits and subject to review; efforts to obtain authorisation on reasonable commercial terms and conditions must have been unsuccessful within a reasonable time; the authorisation has a limited scope and duration; the authorised use is not exclusive; the authorised use is not assignable; the authorised use must be “predominantly for the supply of the domestic market”\(^ {99}\); the authorised use may be terminated when the circumstances requiring authorisation cease; there must be adequate remuneration; and, the decision is reviewable (Art 31(a)-(j)). The issuing of authorisations for anticompetitive conduct is treated separately (Art 31(k)), and additional requirements are imposed for the proper working of another patent (dependent patents, Art 31(l)).

Article 31(k) provides:

Members are not obliged to apply the conditions set forth in subparagraphs (b) and (f) where such use is permitted to remedy a practice determined after judicial or administrative process to be anti-competitive. The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. Competent authorities shall have the authority to refuse termination of authorization if and when the conditions which led to such authorization are likely to recur.

These terms impose a condition that in cases where an authorisation is part of remedying an anticompetitive practice, there is no requirement for “efforts” to be made to obtain authorisation from the patent holder (Art 31(b)) or that supply be “predominantly” for the domestic market (Art 31(f)).\(^{99}\) However, where this condition is relied on there must, as a precondition, have been a standard of what are anticompetitive practices, and a judicial or administrative process to determine that the particular practice is anticompetitive. So, in Argentina – Certain Measures on The Protection of Patents and Test Data\(^ {100}\) the concern appeared to have been that Argentinean laws established a scheme for the granting of a compulsory licence in circumstances which the laws defined as constituting “anticompetitive” practice without reference to an adjudication that the practice was also in breach of competition laws. The mutually agreed solution was that Argentina would not issue a compulsory


\(^{97}\) Noting that “[e]ach Member has the right to grant compulsory licenses and the freedom to determine the grounds upon which such licenses are granted”: Ministerial Conference, Declaration on the TRIPS Agreement and Public Health (World Trade Organisation, 2001, WT/MIN(01)/DEC/72) at [5(b)].


\(^{99}\) Notably, TRIPS, Art 31bis, traces its origins to the Declaration on the TRIPS Agreement and Public Health, n 97, which sought to address access by the poor in developing countries to life-saving medicines and health care and, in particular, compulsory licensing in the case of certain pharmaceutical exports where production under compulsory licence was not predominantly for the domestic market as required by Art 31(f); see, eg Roffe P, Spennemann C and von Braun J, “From Paris to Doha: The WTO Doha Declaration on the TRIPS Agreement and Public Health” in Roffe P, Tansey G and Vivas-Eugui D (eds), Negotiating Health: Intellectual Property and Access to Medicines (EarthScan, 2006), pp 9-26.

\(^{100}\) World Trade Organisation, Argentina – Certain Measures on The Protection of Patents and Test Data (World Trade Organisation, 2000, WT/DS196/1). This request was joined by the European Communities (WT/DS196/2) and Switzerland (WT/DS196/3).
licence in circumstances which the laws defined as constituting “anticompetitive” practice unless it was preceded by a judicial or administrative adjudication according to domestic competition laws so as to comply with Art 31(k).

As to what constitutes an “anticompetitive” practice which may then be remedied, there remains some uncertainty. Articles 6, 8(2), 39(1), 40(1) and (2) of TRIPS and the Paris Convention 1967, Arts 5A(2) and 10bis address various practices and conditions that relate to competition. Presumably the competition laws in Pt IV of the Trade Practices Act as they are addressed by the IPLA Act amendment will satisfy these standards. This will require a finding that conduct is anticompetitive under the Trade Practices Act, followed by a Patents Act compulsory licence as a remedy. Whether the particular formulation of anticompetitive conduct under the Trade Practices Act satisfies TRIPS (and the Paris Convention 1967 provisions incorporated in TRIPS) will have to be determined and accepted by the court.

Following TRIPS, the government entered into the AUSFTA, which further limits the potential scope of TRIPS (the so-called “TRIPS-plus” provisions). The “TRIPS-plus” provisions might further restrict the circumstances in which a compulsory licence might be granted in Australia, in particular because Australia is required to afford the same treatment to all patent holders. In dealing with the compulsory licensing of patents, AUSFTA also confines the possible scope using the TRIPS terminology: “other use without the authorisation of the right’s holder.” Article 17.9.7 of AUSFTA provides only two circumstances where this “other use” might be allowed, the first addressing anticompetitive conduct and the second addressing Crown use (government use) of the patented invention:

A Party shall not permit the use of the subject matter of a patent without the authorisation of the right holder except in the following circumstances:

(a) to remedy a practice determined after judicial or administrative process to be anti-competitive under the Party’s laws relating to prevention of anti-competitive practices; or

(b) in cases of public non-commercial use, or of national emergency, or other circumstances of extreme urgency, provided that ... Most significantly, a plain and literal interpretation of the AUSFTA provision does not appear to include a compulsory licensing remedy where the patent holder refuses to make the patent-protected product or use of the process (or method) available unless there is a breach of the competition laws.


103 See TRIPS, Art 4; AUSFTA, Art 17.1.6. The effect of re-stating the “national treatment” requirement that Australia and the United States extend the same treatment to each other’s nationals as to its own in AUSFTA, Art 17.1.6, and relying on the “most favoured nation” requirement in TRIPS, Art 4, that Australia accord the same treatment to all other World Trade Organisation Members, means that Australia must probably impose the AUSFTA standards on all patent holders: see, eg Lawson C, “Regulating Access to Biological Resources: The Market Failure for Biodiversity Conservation” (2006) 24 Law in Context 137 at 154-155.

104 TRIPS, Art 31; AUSFTA, Art 17.9.7.

105 The footnote providing, in part: “‘use’ in this paragraph refers to use other than that allowed under para 3 and Art 30 of the TRIPS Agreement”: AUSFTA, Art 17.7.7 footnote 17-[22].

106 The footnote providing, in part: “[w]ith respect to sub-para (a), the Parties recognize that a patent does not necessarily confer market power”: AUSFTA, Art 17.7.7 footnote 17-[25].

107 Notably AUSFTA, Art 17.9.7(b), addresses Crown use: see Patents Act 1990 (Cth), ss 163-172.

108 In particular, this does not appear to address the circumstance where a compulsory licence might be granted to promote competition against a patentee, such as, for example, where a patentee has tried for a reasonable period for an authorisation on reasonable terms and conditions, the reasonable requirements of the public with respect to the patented invention have not been satisfied, and the patentee has given no satisfactory reason for failing to exploit the invention: Patents Act 1990 (Cth), s 133(2)(a). See Senate Economics Legislation Committee, n 62, p 38.
However, the government has advised that it “does not intend to amend the existing test in the light of
the AUSFTA”, suggesting that the other grounds for granting a compulsory licence remain
available.\textsuperscript{109} The interpretive approach preferred by the government appears to be that the term
“anticompetitive practices” addressed in AUSFTA should be interpreted broadly so as to cover the
existing compulsory licence provisions under the \textit{Patents Act}, including “the grant of a compulsory
licence if, among other conditions, ‘the reasonable requirements of the public’ have not been met”.\textsuperscript{110}
However, this does not appear to be a consistent proposition, the government also saying about
AUSFTA:

\begin{quote}
In order to comply with our AUSFTA obligations, a compulsory licence cannot be granted in order to
promote competition against a patentee – it must be confined to remedying anti-competitive
practices.\textsuperscript{111}
\end{quote}

And about the amendment to the IPLA Act:

\begin{quote}
It is noted that the specific test proposed by the [Ergas] Committee, and also recommended by the
[Weisbrot Committee], is not aimed at addressing anti-competitive practices on the part of a patentee.
Rather, it is aimed at promoting competition. Indeed, the [Ergas] Committee considered that a
compulsory licence would only be granted if the enhancement of competition in the relevant market
that would be secured by grant of the compulsory licence was material and substantial. A test aimed at
promoting competition would not be consistent with Australia’s international obligations under the
AUSFTA.\textsuperscript{112}

In both instances, it is difficult to imagine how awarding a compulsory licence would not promote
competition against the patent holder – restricting access is the fundamental role of a patent and a
compulsory licence relaxes that restricted access. Perhaps significantly, AUSFTA itself provides:

Each Party shall, at a minimum, give effect to this [Intellectual Property] Chapter. A Party may provide
more extensive protection for, and enforcement of, intellectual property rights under its law than this
Chapter requires, provided that the additional protection and enforcement is not inconsistent with this
Agreement.\textsuperscript{113}

While there seems little doubt that the IPLA Act amendment is directed towards providing a
remedy following a finding of anticompetitive conduct under Pt IV of the \textit{Trade Practices Act}, it is not
so clear that the effect of AUSFTA will not limit the available scope for patent compulsory licences,
perhaps taking into account the likely competition against the patent holder (and their licensees and
assignees). This analysis, however, is made more complicated by the uncertain effect of TRIPS and the
Paris Convention 1967, and the subsequent effect of AUSFTA on those existing obligations. In short,
the potentially limiting role of AUSFTA and TRIPS (and the Paris Convention 1967) will have to be
considered and determined by the court applying the \textit{Patents Act}.

\subsection*{Additional restrictions}

In addition to the uncertainties imposed by assessing the likely effect of the inherent discretion and the
interpretation of Australia’s binding international agreements, the \textit{Patents Act} provision itself imposes
structural restrictions. The Federal Court is limited by the \textit{Patents Act} to ordering the patent holder to
grant “a licence to work the patented invention”.\textsuperscript{114} The term “work” is defined to mean “make or
import the product”, “use the method or process” and “make or import” the product of the “method or

\textsuperscript{109} Weisbrot Committee, n 6, p 617. Similarly the government has stated: “and it is not anticipated that major changes to the
\textit{Patents Act 1990} (Cth) will be needed to implement the [AUSFTA]” and “Art 17.9 also contains a number of provisions relating to … compulsory licensing which generally reflect current Australian law”: Department of Foreign Affairs and Trade, Australia – United States Free Trade Agreement: Guide to the Agreement (Department of Foreign Affairs and Trade, 2004), pp 99 and 100 respectively.

\textsuperscript{110} Senate Economics Legislation Committee, n 62, p 46.

\textsuperscript{111} Senate Economics Legislation Committee, n 62, p 38.

\textsuperscript{112} Senate Economics Legislation Committee, n 62, p 39.

\textsuperscript{113} AUSFTA, Art 17.1.1.

\textsuperscript{114} \textit{Patents Act 1990} (Cth), s 133(1).
process". Significantly, this does not include the other essential elements of a patentee’s “exclusive rights”. That is, to “hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things” or, where the invention is a method or process, to “hire, sell or otherwise dispose of the product [of the method of process], offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things”.

Without the opportunity to do more than make or import the patented invention, or the product of the patented method or process, the usefulness of the Patents Act compulsory licence is most probably illusory. While there is precedent for defined words in the Patents Act having different meanings, this would need to be argued and accepted by a court in interpreting this provision. Such an argument would appear to have some prospects given the historical origins of the term “work” in the context of compulsory licensing, especially under the Paris Convention 1967, Art 5A. Further, AUSFTA, Art 17.9.7, contemplates “use” without the authorisation of the patent holder where “use” was highlighted to mean the broad ambit of “exclusive rights” prescribed by TRIPS, Art 28, including making, using, offering for sale, selling, or importing the product, using the process, and using, offering for sale, selling, or importing the product of the process. However, and perhaps significantly, the term “worked” is used in the definition of “the reasonable requirements of the public with respect to the patented invention” and there most probably refers only to “manufacture” and “sale” rather than “use”, “hire”, “offer to make” and so on. This analysis suggests that there are prospects for such an argument, but it would need to be made and accepted by a court and that is not certain.

Once there is a finding of a contravention of the Trade Practices Act, any compulsory licensing remedy under the Patents Act will also be confined to the additional restrictions that the compulsory licence will be non-exclusive, and will “be assignable only in connection with an enterprise or goodwill in connection with which the licence is used”. Further, in making any order, the court is required to include an amount paid to the patent holder “determined by the Federal Court to be just and reasonable having regard to the economic value of the licence and the desirability of discouraging contraventions of Pt IV of the Trade Practices Act”. While these restrictions may be of little consequence, they do potentially restrict the scope of a court-crafted remedy addressing the particular

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115 *Patents Act 1990* (Cth), Sch 1 (“work”).
116 *Patents Act 1990* (Cth), s 13(1).
117 *Patents Act 1990* (Cth), Sch 1 (“exploit”).
118 For example, the term “invention” in the context of the *Patents Act 1990* (Cth), s 18(1), is defined in Sch 1 to mean “any manner of new manufacture the subject of letters patent and grant of privilege within s 6 of the *Statute of Monopolies*, and includes an alleged invention”, while in the context of the *Patents Act 1990* (Cth), s 40(2), means “the embodiment which is described, and around which the claims are drawn”: *Kimberly-Clark Australia Pty Ltd v Arico Trading International Pty Ltd* (2001) 207 CLR 1 at 15 (Gleeson CJ, McHugh, Gummow, Hayne and Callinan JJ).
119 See, eg *Patents Act 1990* (Cth), s 135(1)(c) provides: “if the patented invention is not being worked in Australia on a commercial scale, but is capable of being worked in Australia”. Although this is not unlimited, as AUSFTA’s contemplation of “use” probably excludes any other “limited exceptions” that might otherwise be allowable under TRIPS, Art 30.
120 See *Fastening Supplies Pty Ltd v Olin Mathieson Chemical Corp* (1969) 119 CLR 572 at 577 where Menzies J found on the evidence that the bolt guns were not being manufactured and sold in Australia at the date of the application. Notably, under the *Patents Act 1952* (Cth), s 108(3) and (3A) provided for an order “on such terms as … the court thinks just” except not the exclusive right “to make, use, exercise and vend the patented invention” respectively. See also *Levenstein’s Petition* (1898) 15 RPC 732; *Fette’s Patent* [1961] RPC 396; *Enviro-Spray System Inc’s Patent* [1986] RPC 147.
121 *Patents Act 1990* (Cth), s 133(3)(a).
122 *Patents Act 1990* (Cth), s 133(3)(b).
123 *Patents Act 1990* (Cth), s 133(5)(b).
124 *Patents Act 1990* (Cth), s 135(5)(b).
circumstances of the contravention, and are not as unrestricted as the existing broad remedy provisions in the *Trade Practices Act*, such as injunctions, undertakings or “such order or orders as it [the court] thinks appropriate”.  

**CONCLUSIONS**

Patent compulsory licensing under the *Patents Act* as a remedy for contravention of the *Trade Practices Act* might superficially appear desirable. However, the assessment in this article suggests that in practice the remedy may not be so appealing. This article demonstrates: that the discretion may not be exercised for reasons that may be outside the knowledge of an applicant; that the scope of a compulsory licence order is limited; that there are significant difficulties with treaty interpretation; and that there are particular difficulties with the restrictive terminology and other provisions in the *Patents Act* limiting the scope of any compulsory licence order. Perhaps the provision is like previous patent compulsory licensing provisions, “so hedged with qualifications, discretion on the part of the court, difficulties of proof, and expense, that to petition would be too onerous or useless”. This seems especially likely as many of these concerns about the *Patents Act* might be avoided by pursuing the same, or an arguably superior, remedy already available under the *Trade Practices Act*. Perhaps the Industrial Property Advisory Committee was correct in recommending in 1984 that the “more logical” approach was to provide for compulsory licensing provisions for contravention of Pt IV of the *Trade Practices Act* within that Act. The merit of this approach is that the broad scope to craft a remedy under the current *Trade Practices Act* is suited to the particular circumstances and designed to alleviate the anticompetitive effects of the contravening conduct.

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125 *Trade Practices Act 1974* (Cth), s 80.

126 *Trade Practices Act 1974* (Cth), ss 80 and 87B.

127 *Trade Practices Act 1974* (Cth), s 87.


129 Stonier Committee, n 3, p 30.