The Intellectual Property and Antitrust Review

Fifth Edition

Editor
Thomas Vinje

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THE INTELLECTUAL PROPERTY AND ANTITRUST REVIEW

FIFTH EDITION

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PREFACE

Intellectual property is taking a more and more central position in the global economy, and this is true not only in highly developed economies, but also in emerging ones. China and India, to take just two examples, are moving rapidly up the value chain and now have world-class technology companies for which intellectual property protection is crucial.

As the significance of intellectual property grows, so too does the relationship between intellectual property and antitrust law. Antitrust law constrains the exercise of intellectual property rights in certain circumstances, and both owners and users of intellectual property rights need to know how the two bodies of law interact and where antitrust draws lines for intellectual property. Intellectual property practitioners need to look beyond intellectual property laws themselves to understand the antitrust limits on the free exercise of rights.

The task of this book is, with respect to key jurisdictions globally, to provide an annual concrete and practical overview of developments on the relationship between antitrust and intellectual property. This fifth edition provides an update on recent developments, as well as an overview of the overall existing lay of the land regarding the relationship between the two bodies of law.

Key topics covered in this and future editions include the constraints imposed by antitrust on licensing, the circumstances under which a refusal to license intellectual property rights can be unlawful, the imposition of antitrust obligations on owners of standard-essential patents, the application of antitrust law to cross-border e-commerce, the growing importance of intellectual property issues in merger cases and the intense disputes regarding the application of antitrust law to patent settlements in the pharmaceutical industry.

As intellectual property continues to gain importance in the world economy, and as the number, resources and sophistication of antitrust authorities grows across the globe, new battles will be fought over the circumstances in which antitrust constrains intellectual property. Existing differences in the application of antitrust to intellectual property – already significant, and perhaps even greater than in intellectual property laws themselves – may grow, perhaps especially as more net intellectual property-consuming countries devote resources to antitrust enforcement. Future editions of this book will analyse these developments, and we hope the reader will find this to be a useful compilation and oft-consulted guide.

Finally, I would like to thank my team at Clifford Chance for their important contributions to this fifth edition of *The Intellectual Property and Antitrust Review*.

Thomas Vinje
Clifford Chance LLP
Brussels
June 2020

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Chapter 2

AUSTRALIA

Thomas Jones, Jane Owen and Tom Macken[1]

I INTRODUCTION

Intellectual property (IP) and competition (antitrust) in Australia are governed by federal laws. In the case of competition, they are principally found in Part IV of the Competition and Consumer Act 2010 (Cth) (CCA). The laws relating to IP are found in the Trade Marks Act 1995 (Cth), the Patents Act 1990 (Cth), the Copyright Act 1968 (Cth), the Designs Act 2003 (Cth), the Plant Breeders Rights Act 1994 (Cth) and the Circuit Layouts Act 1989 (Cth).

There is very little legislative crossover between competition and IP laws. Until September 2019, Section 51(3) of the CCA provided an exemption from certain provisions of Part IV of the CCA (other than Section 46 and 46A (misuse of market power) and Section 48 (resale price maintenance)), for the imposing, or giving effect to, a condition of a licence granted by the owner or licensee of a patent, registered design, copyright or circuit layout right or by an applicant for registration of a patent or design; or an assignment of any of these rights. That is no longer the case.

The Section 51(3) exception was repealed by the Treasury Laws Amendment (2018 Measures No. 5) Act 2019 (Cth) and ceased to have effect on 13 September 2019. The repeal of Section 51(3) has now made it clear that arrangements involving the assignment or licensing of IP no longer enjoy special protections under Australian competition law and are viewed in the same light as other commercial arrangements. This brought Australia into line with other jurisdictions, including the United States and Canada.

On 21 June 2019, the Australian Competition and Consumer Commission (ACCC), which is the regulatory body that oversees the CCA, released a set of draft guidelines on the application of Part IV of the CCA to IP. The guidelines set out how the ACCC planned to interpret and enforce this part of the CCA. During its consultation, the ACCC received submissions from a range of domestic and international stakeholders, which resulted in the inclusion of additional detail regarding the operation of the cartel prohibitions and the ACCC's approach to exclusive licensing arrangements. These were contained in the final guidelines released on 31 August 2019. These guidelines are discussed in more detail in the next section.

On 26 July 2019, in another significant move for the regulator, the ACCC released its final report on its Digital Platforms Inquiry, which had been undertaken by the ACCC in order to consider the impact of digital platforms (such as Google and Facebook) on competition in the media and advertising services markets. Although the Digital Platforms

1 Thomas Jones and Jane Owen are partners and Tom Macken is an associate at Bird & Bird. Acknowledgement is made to Kathryn Edghill who contributed to a previous edition of this chapter.

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Inquiry did not involve a detailed consideration, or review, of Australia's intellectual property laws, a number of the ACCC's recommendations will have implications for intellectual property rights and transactions involving those rights. These recommendations are discussed in more detail in the following section.

II YEAR IN REVIEW

The release of the ACCC's guidelines on the repeal of Section 51(3) of the CCA in August 2019 was a significant development. It provided businesses and intellectual property rights-holders with greater clarity regarding the ACCC's approach to its interpretation and enforcement of the CCA, particularly with respect to conduct involving the assignment or licensing of intellectual property rights. The guidelines set out a number of key principles that will guide the ACCC's approach to its enforcement of the cartel prohibitions and Sections 45 (anticompetitive arrangements) and 47 (exclusive dealing) of the CCA, and also outline the types of previously exempt conduct that may now fall within the ambit of these provisions of the CCA. As well as principles, the guidelines provide a number of examples of conduct (e.g., price, output, time, grant-back and territorial restrictions) that the ACCC considers are likely, or unlikely, to contravene the CCA. Whilst these guidelines cannot, and do not, predict how an Australian court will ultimately interpret these provisions of the CCA, they do provide useful guidance for businesses, particularly those with detailed licensing arrangements (e.g., health and pharmaceuticals).

In terms of cases concerning the interplay between IP and competition laws, the court proceeding between Motorola Solutions Inc and Hytera Communications Corporation Ltd[2] concerning allegations of infringement of three standard-essential patents (SEPs) that was issued in the Federal Court in mid-2017 is still pending. The case was widened to include copyright infringement claims and was set to be heard in mid-2020 but has now been adjourned to a later date in light of the covid-19 crisis. At the time of writing, it is unclear when the rescheduled hearing will occur.

Another significant event of the past year is the release of the ACCC's final report on its Digital Platforms Inquiry. One of the key reforms included in the final report was a recommendation that a mandatory take-down code be introduced to assist copyright enforcement on digital platforms, including, in particular, content belonging to Australian news media businesses and smaller rights-holders. In its response to the ACCC's final report, the Australian Government stated that it would not be supporting this recommendation, instead indicating that it would review options for preventing online copyright infringement at the end of 2020. The ACCC also recommended that Australia's merger laws in Section 50 of the CCA, which form part of Australia's merger control regime, be amended to include two additional merger factors, one of which included the 'nature and significance of assets, including data and technology being acquired' [in the transaction]. These 'assets' may include intellectual property rights. The significance of this proposed amendment to Section 50 of the CCA is that assets being acquired as part of a merger or transaction in which such assets are an important factor, including intellectual property rights, would need to be considered by the merger parties and the courts in assessing whether the relevant merger or acquisition is likely

2 NSD 1283/2017.

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to substantially lessen competition. The Australian government has expressed preliminary support for this proposal, indicating that it would commence a public consultation on the ACCC's proposed amendments in 2020.

III LICENSING AND ANTITRUST

i Anticompetitive restraints

The imposition of terms of IP licences that restrict the ability of the licensee to compete with the owner or rights holder or restrict or limit the scope of the licence in terms of pricing, territory or customers may be a breach of the following provisions of the CCA:

a the prohibition on the making or giving effect to agreements, arrangements or understandings, or engaging with one or more persons in a concerted practice, that have the purpose, effect or likely effect of substantially lessening competition in a market (Section 45 of the CCA);

b the prohibition on exclusive dealing in Section 47 of the CCA (by, for example, the holder of an IP right making the licensing of the right conditional on the acquirer accepting a restriction on its rights to deal with competitors); or

c the prohibition on misuse of market power in Section 46 of the CCA.

While previously, arrangements of this type may have been subject to the exemption in Section 51(3), they are no longer exempt from these provisions of the CCA and are subject to the same laws as other commercial arrangements. The ACCC's guidelines on the application of Part IV of the CCA (referred to above) also indicate that provisions which contain territorial, pricing or output restrictions may, in some circumstances, pose a risk of breaching the cartel conduct provisions in Section 45AD of the CCA.

The maximum penalty per contravention of these provisions for corporations is significant, being the greater of:

a A$10 million;

b three times the value of the benefit received from the contravening conduct; or

c where the benefit cannot be calculated, 10 per cent of the company's annual turnover in the 12 months prior to when the conduct occurred.

The maximum civil penalty for a contravention by an individual is A$500,000. Criminal penalties of up to 10 years' imprisonment can apply for a contravention of the cartel conduct provisions.

ii Refusals to license

Australian competition law does not oblige a party to license its IP rights. A refusal to license by a party that has a substantial degree of market power does not mean that a breach of Section 46 has occurred. For Section 46 to be engaged, the refusal must be for the purpose or have the effect or likely effect of substantially lessening competition in a relevant market. Under the former Section 46 of the CCA, which required a 'use' or 'taking advantage' of market power but not an anti-competitive effect, the Australian High Court in *Melway Publishing Pty Ltd v. Robert Hicks Pty Ltd*[3] recognised that, where a party is otherwise entitled to refuse

3 (2001) 205 CLR 1.

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to licence its IP rights without contravention of the CCA, it is not the purpose of Section 46 to dictate how that party should choose its licensees.[4] Whether this reasoning will continue to be relevant under the current Section 46, which replaced the former anticompetitive purpose test with a test of having the purpose, effect or likely effect of substantially lessening competition in a market, remains to be seen.

iii Unfair and discriminatory licensing

Engaging in unfair and discriminatory licensing may breach the following provisions of the CCA:

a the prohibition on misuse of market power in Section 46 of the CCA, if conduct engaged in by a company with a substantial degree of market power has the purpose, or has or is likely to have the effect, of substantially lessening competition in a relevant market;

b the prohibition on unconscionable conduct contained in Section 21 of the Australian Consumer Law, which is Schedule 2 to the CCA, particularly where the party imposing the unfair and discriminatory licensing is in a stronger bargaining position than the licensee or where undue influence or pressure is brought to bear; and

c the prohibition on unfair contract terms in standard form consumer contracts or small business contracts contained in Section 25 of the Australian Consumer Law.

Where the conduct involves requiring the licensee to sell goods, manufactured using the licensed IP, at a particular price, this may amount to resale price maintenance, which is prohibited by Section 48 of the CCA.

Penalties under the Australian Consumer Law, including for unconscionable conduct, are also significant and were increased in August 2018 to align with those for competition law contraventions.

iv Patent pooling

The aggregation of patent rights that is then offered as a joint package and portfolio cross-licensing of patents has been recognised by the ACCC as having the potential to give rise to competition concerns;[5] a view that was affirmed in the ACCC's draft guidelines on the application of Part IV of the CCA to IP (discussed above). These concerns include cartel conduct, through facilitation of price-fixing, coordinated output restrictions among competitors; substantial lessening of competition, where there is foreclosure of innovation; and the enabling of the exercise of market power. Notwithstanding the identification of these concerns, no case has been brought before the Australian courts in which allegations of breach of competition laws arising from patent pooling and cross-licensing have been determined.

However, the repeal of Section 51(3) may cause licensees of patent pools to consider whether patent pool licensing is a contravention of Section 47, in circumstances where the patentor insists upon a licence to a pool of patents for one royalty rate, without reference to which patents are applicable to the licensee's activities. In this regard, the decision in *Regency*

4 ibid. at [17].

5 ACCC submission to the Productivity Commission Inquiry into Intellectual Property Arrangements in Australia; www.accc.gov.au/system/files/ACCC%20Submission%20-%20PC%20inquiry%20into%20IP%20arrangements%20in%20Australia%20-%2030%20November.pdf, at p. 9.

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Media Pty Ltd v. MPEG LA, LLC,[6] in which the Full Federal Court affirmed that a licensee could not exercise a statutory right to terminate a patent pool licence under Section 145 of the Patents Act 1990 where one or more of the licensed patents had expired (but other licensed patents had not), may also focus attention on the antitrust remedies.

v Software licensing

Australian competition law does not contain any provisions that are specific to software licensing. However, in *ACCC v. Valve Corporation (No. 3)*,[7] the Federal Court held that licence agreements under which consumers access certain software constituted a supply of goods for the purposes of the Australian Consumer Law, meaning that software licences are subject to the consumer guarantee provisions of the Australian Consumer Law.

vi Trademark licensing

As is the case with software licensing, Australian competition law does not contain any provisions that are specific to trademark licensing.

IV STANDARD-ESSENTIAL PATENTS

To date, Australian courts have not delivered any decisions in which SEPs have been enforced. Similarly, no Australian court has yet delivered judgment on the question of whether conduct involving SEPs amounts to a breach of the Australian competition laws. Rather, there has been one case in respect of SEPs declared essential in respect of certain 3GPP standards, which was commenced and then settled within 18 months of issue,[8] and the long-running *Apple v. Samsung* dispute,[9] which was settled after the completion of an unprecedented number of trial-hearing days over an 11-month period, hours before the judgment was due to be handed down by the Federal Court. Some judicial guidance on SEPs may be forthcoming in due course with Motorola Solutions Inc bringing proceedings against Hytera Communications Corporation Ltd in mid-2017. As noted above, this matter was set to be heard in mid-2020, but the hearing has now been adjourned due to administrative difficulties arising as a consequence of the covid-19 crisis. If not settled before the matter comes to trial, this case could provide seminal Australian jurisprudence on when a patent might be regarded as essential, the role of standard-making bodies and the applicability of fair, reasonable, and non-discriminatory (FRAND) terms.

Until Australian courts deliver a judgment in this area, it remains only conjecture as to whether the reasoning of the European Commission in *Huawei*[10] as to enforcement of SEPs and appropriateness of remedies in such proceedings would be applicable in the Australian courts.

As to the legal force of SEPs in general, it is to be expected that Australian courts would be persuaded by the reasoning of the UK courts as to the legal effect a declaration of essentiality and the FRAND terms undertaking of a patentee. In this regard, the 2017 decision of Birss J

6 [2014] FCAFC 183.
7 [2016] FCA 196.
8 *Vringo Infrastructure Inc v. ZTE (Australia)* NSD 1010/2013.
9 *Apple Inc & Anor v. Samsung Electronics Co Limited & Anor* NSD 1243/2011.
10 *Huawei Technologies Co Ltd v. ZTE Corp* ECLI:EU:C:2015:477.

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of the High Court of Justice in *Unwired Planet*[11] provides a sound prediction of the approach of Australian courts: 'As a matter of French Law, the FRAND undertaking to ETSI is a legally enforceable obligation which any implementer can rely on against the patentee. FRAND is justiciable in an English court and enforceable in that court.'[12]

However, as to the remainder of the reasoning applied in *Unwired Planet*, it is uncertain that it would apply given the differences between Australian and European laws.

i Dominance

Section 46 of the CCA regulates anti-competitive conduct by businesses with substantial market power. The prohibition was amended in November 2017, and this replaced the anticompetitive purpose test with a new purpose and effects test and removed the requirement for a 'use' of market power. The new provision prohibits a company with a substantial degree of market power from engaging in conduct that has the purpose, effect or likely effect of substantially lessening competition in a market in Australia.

While there has been no decision of any Australian court on the question, the role of SEPs and their relationship with the old Section 46 was considered in the *Apple v. Samsung* case. In that case, Apple claimed that Samsung's commencement of proceedings for injunctive relief against it, alleging infringement of three of its SEPs and its making of a non-FRAND licensing offer constituted a misuse of market power in breach of the former Section 46 of the CCA. Unfortunately (for jurisprudence in the area, at least), the case was settled before judgment was delivered and no indication has been given of the court's likely attitude to the claim.

Notwithstanding the lack of judicial pronouncement on the issue, and the fact that the High Court in the *Melway Publishing* case held that the fact that a company possesses a substantial degree of market power arising from its IP rights does not, of itself, mean that the company will misuse that power merely by enforcing those rights, because it could, and probably would, have enforced those rights in the same way if it did not have a substantial degree of market power, the prospect of conduct involving SEPs giving rise to a claim of misuse of market power in breach of Section 46 of the CCA remains a real one, particularly given the recent amendments to the test.

Where SEPs are truly essential to a relevant standard and allow the holder to act in a manner unconstrained by its competitors,[13] it is likely that an Australian court would conclude the holder of the SEP had the requisite substantial degree of market power to attract the prohibition in Section 46 of the CCA. It would then fall to be determined whether the holder had exercised that power for the purpose, effect or likely effect of substantially lessening competition.

ii Injunctions

As the Australian courts have not had to decide whether an injunction is an available remedy in relation to the assertion of an SEP, guidance can be gleaned from the application of general principles of Australian patent law.

11 *Unwired Planet Ltd v. Huawei Technologies Co Ltd & Anor* [2017] EWHC 711 (Pat).

12 ibid. at [806].

13 E.g., *Melway Publishing*, footnote 6 at [67].

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In this respect, a patentee is granted exclusive rights to exploit the patent.[14] The Australian courts have invariably ordered that conduct infringing a patent be restrained by issuing an injunction. In two recent cases in the pharmaceutical area, judges of the Federal Court have expressed, *obiter dicta*, support for a view that the scope of an injunction may not be absolute in all circumstances of a finding of patent infringement.[15] This was on the basis of some uses of alleged infringing products constituting infringing conduct or not: 'It seems to us that, all other things being equal, the more difficult it is for the patentee to establish that there is a likelihood of widespread infringing use, the more difficult it should be for the patentee to obtain injunctive relief in the broad terms restraining any supply of the relevant product.'[16]

Given this position, Australian courts would start with the position that the patentee is entitled to injunctive relief on the infringement finding and the only question for consideration may be scope of the injunction.

It remains to be seen whether an Australian court would be persuaded to follow the *Huawei* approach to determining if a misuse of market power has occurred in the course of seeking injunctions by way of enforcement of SEPs. Currently, the mere enforcement of an SEP and the seeking of an injunction would not of itself give rise to a claim of misuse of market power unless it was found to be undertaken for the purpose, or has the effect or likely effect, of substantially lessening competition in a relevant market. Thus, if a patentee who has sought and failed to negotiate a licence under FRAND terms subsequently seeks damages and injunctive relief in the course of an enforcement action, the action is not likely to be found to be a misuse of market power in breach of Section 46. However, the result may be different where the patentee has not offered FRAND terms and does so for the purpose of substantially lessening competition, or where there is an effect or likely effect of substantially lessening competition in a relevant market.

iii Licensing under FRAND terms

The question of whether an offer to license SEPs on non-FRAND terms was a breach of the former Section 46 of the CCA was raised, but not determined, in the *Apple v. Samsung* case. Indeed, Australian courts have not been faced with determination of issues related to licensing on FRAND terms, generally. While not binding, judicial determination in other jurisdictions as to the determination of FRAND terms is likely to be persuasive in Australian courts.

However, offers to license on non-FRAND terms may give rise to a number of potential breaches of Australian competition law including Section 46 (discussed above), unconscionable conduct and the prohibition on the making and giving effect to agreements that substantially lessen competition. In its November 2015 submission to the Productivity Commission Inquiry into Intellectual Property Arrangements in Australia, the ACCC recognised the potential for such offers to be anticompetitive, stating: 'if there are inadequate avenues to access patents on reasonable terms and conditions, then this has the potential to seriously undermine sequential innovation and thus reduce dynamic efficiency'.[17]

14 Section 13, Patents Act 1990 (Cth).

15 E.g., *Otsuka Pharmaceutical Co, Ltd v. Generic Health Pty Ltd (No. 4)* [2015] FCA 634 (29 June 2015) at [247].

16 *AstraZeneca AB v. Apotex Pty Ltd* [2014] FCAFC 99 at [444].

17 Footnote 8 at p. 11.

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iv Anticompetitive or exclusionary royalties

The imposition of royalty payments that are anticompetitive or exclusionary may breach:

a the prohibition on misuse of market power in Section 46 of the CCA, if engaged in by a company with a substantial degree of market power for the purpose of substantially lessening competition in a relevant market or where the conduct has or is likely to have that effect;

b the prohibition on unconscionable conduct contained in Section 21 of the Australian Consumer Law, which is Schedule 2 to the CCA, particularly where the party imposing the royalties is in a stronger bargaining position than the payee or where undue influence or pressure is brought to bear; and

c the prohibition on unfair contract terms in standard form consumer contracts or small business contracts contained in Section 25 of the Australian Consumer Law.

V INTELLECTUAL PROPERTY AND MERGERS

i Transfer of IP rights constituting a merger

Section 50 of the CCA prohibits the acquisition of shares or assets of a company where the acquisition would have the effect, or be likely to have the effect of substantially lessening competition in any market. An acquisition involving the transfer of IP rights, whether alone or in conjunction with other assets may, therefore, amount to a 'merger' and trigger Section 50, requiring an assessment of the impact of the transfer on competition in the relevant Australian market or markets. This will almost certainly be the case if the ACCC's proposed changes to Section 50(3) – in other words, the inclusion of the additional merger factors, such as the 'nature and significance of assets, including data and technology, being acquired' – are ultimately enacted into legislation.

There is no mandatory notification requirement for mergers in Australia. Where parties are concerned that the acquisition of shares or assets, including the transfer of IP rights, may trigger Section 50, they have the option of seeking authorisation or informal clearance from the ACCC. Authorisation, which until November 2017 was sought from the Australian Competition Tribunal but is now sought from the ACCC, has rarely been used, with the vast majority of parties using the informal clearance process. The ACCC has issued Informal Merger Review Process Guidelines[18] and Merger Authorisation Guidelines,[19] which set out the administrative steps relevant to an informal merger clearance review and merger authorisations respectively, and Merger Guidelines,[20] which set out the steps the ACCC takes to analyse a merger.

ii Remedies involving divestitures of intellectual property

The ACCC has power to give its informal clearance to a merger where it is satisfied that the merger will not result in a substantial lessening of competition in any market, or, to authorise a merger where the merger will not result in a substantial lessening of competition in any market or the likely benefit from the proposed acquisition outweighs the likely public detriment. On occasions this requires the parties to agree to divest certain assets including,

18 Available at www.accc.gov.au/publications/informal-merger-review-process-guidelines-2013.

19 Available at www.accc.gov.au/publications/merger-authorisation-guidelines.

20 Available at www.accc.gov.au/publications/merger-guidelines.

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but not limited to, IP. The agreement to do so usually takes the form of the provision of a court enforceable undertaking to the ACCC pursuant to Section 87B of the CCA. Two significant merger clearances that have involved the divestiture of IP include:

a Asahi's proposed acquisition of Carlton & United Breweries - in this matter, the ACCC raised concerns that the proposed acquisition by Asahi would substantially lessen competition in the supply of both beer and cider products in Australia. In order to address the ACCC's concerns, Asahi undertook to divest two of its beer brands and three of its cider brands, including, relevantly, all intellectual property rights in those brands;[21] and

b DowDuPont Inc's proposed acquisition of EI du Pont de Nemours and Company and The Dow Chemical Company; in this matter, the ACCC raised concerns that 'a potential effect of a merger between two originators (such as Dow and DuPont) is to reduce the rate of innovation by lessening competition between originator companies',[22] but concluded that DowDuPont Inc's divestiture commitments to the European Commission, which included divestiture of certain businesses including IP, would address any competition concerns in Australia.[23]

VI OTHER ABUSES

i Sham or vexatious IP litigation

There are a number of legislative mechanisms in Australia to deter the issue of sham or vexatious litigation. The introduction of the Civil Dispute Resolution Act 2011 (Cth) was one such measure, specifically requiring legal practitioners to file upon commencement of proceedings a statement of genuine steps undertaken to resolve a dispute prior to the issue of proceedings. Failure to undertake such genuine steps, by a client or a lawyer, may result in unfavourable costs orders being made against clients or personally against lawyers.[24]

In the particular context of IP disputes, the availability of remedies for unjustified threats of infringement is a useful foil for sham or vexatious litigation by a patentee (or copyright owner). In 2016, the Australian Federal Court delivered a decision that reinforces its willingness to find that a patentee who does not establish patent infringement and has undertaken a course of correspondence with the putative infringer's customers may have engaged in unjustified threats of infringement contrary to Section 128 of the Patents Act.[25]

However, the force of the CQMS decision has been watered down by the subsequent decision of the Full Court in *Darmagold Pty Ltd v. Blindware Pty Ltd*,[26] in which the Court held that the mere fact that a finding of infringement was not ultimately sustained does not render threats made by letter unjustified.

21 https://www.accc.gov.au/public-registers/mergers-registers/public-informal-merger-reviews/asahi-group-holdings-carlton-united-breweries-owned-by-anheuser-busch-inbev-sa-nv.

22 ACCC Statement of Issues, dated 3 November 2016, on the proposed merger of Dow Chemical Company and EI du Pont de Nemours and Company.

23 http://registers.accc.gov.au/content/index.phtml/itemId/1202487/fromItemId/751046.

24 Sections 11 and 12, Civil Dispute Resolution Act 2011 (Cth).

25 *CQMS Pty Ltd v. Bradken Resources Pty Limited* [2016] FCA 847.

26 [2017] FCA 1552.

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Nonetheless, the mere commencement and prosecution of patent infringement proceedings subsequent to the issue of a threat does not render earlier threats of infringement justifiable.[27] This is in contradistinction to the defence arising for unjustified threats of trademark infringement by the commencement of infringement proceedings.[28]

ii Misuse of the patent process

The ACCC has recognised that 'patents can be used to impose large costs on businesses that need access to licences or filed defensively to stall or exclude the entry of competitors or products. They can also impose costs on society by providing supernormal returns for patent holders, particularly if they are excessively long in duration', and that 'if patent protections extend too broadly, and if there are inadequate avenues to access patents on reasonable terms and conditions, then this has the potential to seriously undermine sequential innovation and thus reduce dynamic efficiency.'[29]

iii Anticompetitive settlements of IP disputes

Australian courts have not adjudicated any disputes concerning anticompetitive settlement of IP disputes.

The closest decision to determination of the anticompetitive effects of 'pay-for-delay' launch of generic pharmaceuticals is the 2015 decision in the action brought by the ACCC against Pfizer for its commencement of an exclusive supply arrangement with pharmacies in relation to Lipitor, prior to expiry of its atorvastatin patent in 2012.[30] The court found that this pre-patent expiry tie-up of pharmacies, together with the making of bundled offers and a special rebate fund available to pharmacists who entered into the exclusive arrangement was not a misuse of market power, as the conduct had been engaged in to improve the chances of pharmacies continuing to deal with Pfizer and its atorvastatin products rather than returning immediately to their usual generic supplier. The court's finding was that this was not conduct pursued by Pfizer for the purpose of deterring or preventing a person from engaging in competitive conduct, but for the purpose of Pfizer remaining competitive.[31] However, it remains to be seen whether such conduct would now fall foul of the new Section 46 of the CCA.

In its report on its inquiry into IP arrangements in Australia,[32] the Productivity Commission raised pay-for-delay settlements as a potential issue in Australia and recommended introducing a new reporting and monitoring regime (administered by the ACCC) for pay-for-delay settlements. The introduction of such a regime would require pharmaceutical companies and the originator to lodge patent settlement agreements with the ACCC, giving the ACCC greater visibility of the extent to which pay-for-delay agreements are being entered into in Australia, and the details of those agreements, without having to rely or utilise its investigative powers to seek that information.

27 Footnote 28 at [177].
28 Section 129(5), Trade Marks Act 1995 (Cth).
29 Footnote 8 at p. 11.
30 See footnote 5.
31 Footnote 5 at [464].
32 See footnote 2.

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VII OUTLOOK AND CONCLUSIONS

The repeal of Section 51(3) of the CCA means that arrangements involving the assignment or licensing of IP rights are now treated like any other commercial arrangements and no longer enjoy special protections from Australian competition laws. Whilst the ACCC's guidelines on the application of Part IV of the CCA provide a useful source of guidance to businesses and intellectual property rights-holders in better understanding how the ACCC plans to interpret and enforce this part of the CCA, it remains to be seen how these provisions will be interpreted by Australian courts. In the meantime, licensors and licensees should ensure that any new licensing arrangements or existing licensing arrangements that have been in place since 13 September 2019 are in compliance with the relevant provisions of the CCA. Separately, the amended prohibition on misuse of market power in Section 46 of the CCA no doubt broadens the scope of the prohibition, but whether this amendment results in increased cases in which holders of IP rights are held to have acted anti-competitively remains to be seen. Finally, any changes to Australia's merger control regime, including Section 50(3) of the CCA, which are brought into effect to reflect the ACCC's recommendations in the Digital Platforms Inquiry are likely to require the parties to positively address the significance of any data and technology assets, which may include intellectual property rights, being acquired as part of a merger or acquisition.

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Appendix 1

ABOUT THE AUTHORS

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Thomas Jones is a partner at Bird & Bird in Sydney, Australia. Mr Jones has particular expertise in competition and commercial law, with deep expertise in telecommunications, regulatory and infrastructure access matters. Mr Jones provides clients with strategic advice on all aspects of regulatory regimes, including the design and implementation of new regimes, access agreements, revenue regulation and, where necessary, challenging decisions of the regulator to achieve the client's desired outcome. He has been recognised as an Acritas Star since 2018, as well as being ranked in *Chambers and Partners Asia-Pacific* and *Legal 500* for his telecommunications sector expertise and in *Best Lawyers* for his competition law and telecommunications expertise.

An active member of the Law Council's Competition and Consumer Law Committee, Mr Jones is also the founder and director of the Sydney Lawyers Orchestra.

JANE OWEN

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Jane Owen is a partner at Bird & Bird in Sydney, Australia, where she is the partner in charge of the intellectual property practice.

Ms Owen has over 25 years' experience advising and representing clients on all aspects of intellectual property law. This includes portfolio establishment, IP strategisation, commercialisation, enforcement and contentious IP, patent litigation, complex patent infringement or revocation, trademarks and passing off, design infringement, disputes on ownership of IP and appeals from decisions of the Commissioner of Patents and the Registrar of Trade Marks.

Ms Owen regularly presents on IP issues at continuing professional development and industry-based events and is ranked in publications such as *WTR 1000*, *The Legal 500 – Asia-Pacific* and *IAM Patent 1000* as a leading enforcement, litigation, prosecution and strategy lawyer. Ms Owen's team was awarded IP Specialist Firm of the Year at the 2017 Australasian Law Awards.

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Tom Macken is an associate at Bird & Bird in Sydney, Australia, where he is a member of the firm's competition and commercial practice.

Mr Macken's practice focuses mainly on advising clients in the communications and technology sector, as well as the sports and media sector, on a wide variety of legal issues, including commercial, regulatory and transactional matters.

Some of his more recent experience includes advising clients in the telecommunications and IT industry in relation to satellite and telecommunications regulatory issues, access regulation, trends and commercial opportunities. He has also recently advised clients in the sports and media sector in relation to media and marketing rights, sponsorship rights, sports governance issues and integrity matters.

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