



IPRIA Newsletter – June 2009

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Subscription to IPRIA email notifications

- Details of IPRIA public seminars / forums, copies of the associated presentations (where available) and past events can be accessed from the IPRIA website at our Past Events page.
- If you wish to be advised of forthcoming workshops, and public seminars / events, please subscribe to our events notification service [here](#).

Selected Projects / Research Studies

The following are updates on selected projects / research studies being undertaken or at a stage of near completion.

Patent infringement in Australia: Results from a survey

[Kimberlee Weatherall and Elizabeth Webster](#)

One of the great unknowns of patent policy is how much infringement actually goes on, and how much of that infringement leads to enforcement of an informal or formal kind. We conducted a representative survey of over 3,700 Australian inventors in order to obtain population estimates for these activities. We estimate that copying occurred for 28 per cent of inventions which were the subject of a patent application between 1986 and 2005. In half of these cases, a letter alleging infringement was issued. This letter succeeded in stopping the (alleged) infringing behaviour about 40 per cent of the time.

We estimate a court filing rate of about ½ a per cent (filings per stock of patents in-force in any year). This confirms what we knew anecdotally – that a great deal of copying and enforcement activity occurs outside the court system. A surprisingly large number of incidents of copying were not pursued even with a letter, due to concerns about costs — a result which raises questions about the efficacy of patents for some applicants. Policy implications of the results are discussed.

Estimating the Patent Premium: Evidence from the Australian Inventor Survey

Paul H. Jensen, Russell Thomson, Jongsay Yong

Economists and policy makers have long understood that the socially optimal level of investment in innovation, the engine of long-run productivity growth, will not be achieved in a competitive market. For this reason, governments around the world employ an array of policies in order to stimulate and support innovation. Common policy approaches include funding R&D within government agencies, or the higher education sector, R&D subsidies to private firms, grant programs and scale (tax) incentives.

Across the OECD, governments typically fund between 10 and 20 percent of total business investment in R&D. Legally enforceable intellectual property rights, and the patent system in particular, also provide an implicit subsidy for innovative activities — that is, a transfer from technology consumers to technology owners. We take a closer look at the implicit subsidy provided to inventors by the Australian patent system, based on analysis of novel survey data relating to 1,803 Australian inventions.

Comparative Examination of Opposition Processes in Patent Law

Chief Investigators: Andrew Christie and Kim Weatherall

Research Fellows: Chris Dent and Fiona Rotstein

This Australia Research Council-funded project is into its fourth and final year. Its purpose has been to investigate the operation of the opposition procedure in patent law. This process allows third parties, usually the competitors of a patent applicant, to challenge a patent application before the patent is granted by IP Australia. Our research has used both doctrinal and empirical techniques to explore the differences, and the impact of those differences, between the Australian procedure and equivalent processes in Europe and the United States. Our empirical work (that has included over 100 interviews with patent practitioners and staff in four patent offices and the establishment of a database of decisions in opposition proceedings) has been completed and we are in the process of writing up the results.

Reports and articles will continue to progressively be produced and we will continue to liaise with stake-holders in order to refine any recommendations we may make to improve the Australian opposition procedure.

Copyright and Regulatory Theory

Researcher: Chris Dent

The problems faced by copyright owners in encouraging compliance with copyright law are well-known. The increased prevalence of equipment that allows perfect digital copies of movies, music and text is only adding to those concerns. This project seeks to apply insights, taken from outside the confines of copyright theory, to these problems in order to better understand the dynamics behind copyright infringement. The first approach, taken from the social sciences, applies the ideas of Michel Foucault to critically appraise the function of copyright law in the community – an article has appeared in Griffith Law Review with the showing results of this work. The second approach adopts a new concept from regulatory theory, that of decentred regulation, to explore the issues around the promulgation, and enforcement, of norms of behaviour – with a particular focus on infringement of copyright in the digital environment.

To date our project has produced resulted in a conference paper, plus an article under review with a leading Australian law journal, and informed work that IPRIA carried out for the Organisation for Economic Co-operation and Development.

Assessing Australia's Innovative Capacity: 2008 Update

Joshua Gans and Richard Hayes.

Assessing Australia's Innovative Capacity: 2008 Update", is the latest update in the series by Joshua Gans and Richard Hayes taking a quantitative approach to assessing Australia's capacity for innovation. The latest update paints a picture of Australia moving into uncertain times despite some gains mid-decade, particularly due to the weakening of the global economic environment. Australia's innovative capacity actually fell backwards in a partial reversal of recent gains, with our 13th placed ranking only surviving as a number of other countries have also backtracked in their innovation efforts. The report highlights how drivers of national innovative performance - such as public education funding, support for universities as centres of research performance and the complex relationship between the intellectual property system and innovation outcomes – continue to be critical to the national debate and to innovative capacity.

The report can be seen at <<http://www.ipria.org/publications/reports.html>>

The Outsourcing of Knowledge-Based Activities over Time: Professional, Domain, and Context-Specific Knowledge

Kyle J. Mayer, Marshall School of Business, University of Southern California
Deepak Somaya, College of Business, University of Illinois at Urbana-Champaign
Ian Williamson, Melbourne Business School

Our research examines the critical question of when and why organizations outsource knowledge-based activities. We frame this issue by developing a typology of firm capabilities in three critical areas – professional, domain, and context-specific task knowledge. We empirically test the utility of this typology in explaining firm behavior by examining the decisions of Fortune 500 firms to outsource patent-related activities to external law firms. Our results suggest firms are more likely to leverage the professional knowledge of external vendors in those situations where the value of knowledge activity has high consequences for the firm (e.g., potential for litigation or legal liability). We also find that prior outsourcing decisions influence the domain and context-specific knowledge held internally by firms, leading to path dependent

patterns in outsourcing. While we focus on patenting activities, our work provides important insight into a broad range of outsourcing decisions and knowledge-based services.

Interested parties can get a copy of this paper if they email Ian Williamson:
<I.Williamson@mbs.edu>

Submissions

IPRIA continued being actively involved in the formation of public policy through regular submissions to the Advisory Council on Intellectual Property, as well as reports for departments of the Commonwealth government on Intellectual Property related issues.

The following submissions were made between January and June 2009.

Title	Author(s)	Date
<i>Getting the Balance Right.</i> Submission made to IP Australia's Review of the Patent System.	Elizabeth Webster, Chris Dent & Paul Jensen	May 2009
<i>Exemptions to Patent Infringement.</i> Submission made to IP Australia's Review of the Patent System.	Elizabeth Webster, Chris Dent & Paul Jensen	May 2009
<i>Inquiry into Gene Patenting.</i> Submission made to the Senate Community Affairs Committee (jointly with CITE).	Chris Dent & Kwanghui Lim	March 2009

Forthcoming Events

Public seminar: Ambush Marketing

There will be three lunch-time seminars, jointly presented by IPRIA and [IPTA](#), held on Monday 22 June (**Sydney**); Tuesday 23 June (**Brisbane**); Wednesday 24 June (**Melbourne**).

They will analyse the major features of the Major Events Management Act 2007 ('MEMA') which was recently enacted in New Zealand. The legislation has extensive prohibitions of ambush marketing activities. Despite its faults, the legislation has significance as a template for future legislation in Australia.

The presenters will be:

- Dr Owen Morgan, Senior Lecturer, The University of Auckland Business School
- Ms Emily Hudson, PhD Candidate, The University of Melbourne (Sydney and Melbourne)
- Mr Malcolm McBratney, Partner, McCullough Robertson Lawyers (Brisbane).

[To register](#) for this free event, please click here

Seminar contact: Jean Molloy, IPRIA, The University of Melbourne, (03) 8344 2153
email: j.molloy@unimelb.edu.au

Conferences

Conference on 'Commercialising Inventions — What's the Story?'

A one-day conference 'Commercialising Inventions — What's the Story?', held in Brisbane and Melbourne 17 and 19 Feb, was jointly hosted by the Intellectual Property Research Institute of Australia (IPRIA) and the Australian Institute of Commercialisation. It looked at a range of issues and recent evidence on the development of inventions, and how efficiently they are commercialised.

The conference was well attended by senior business managers, IP lawyers, inventors, patent attorneys, policy analysts, and academics.

The conference featured results from several national surveys of inventors, including a survey of 4,000 Australian inventors, conducted by a team of researchers at the Melbourne Institute. The conference was referred to in *The Age* on 21 February (Business News by Philip Hopkins) and Associate Professor Beth Webster was quoted on several findings, including that most inventions in Australia don't reach the stage of mass production or export.

The conference in Melbourne was chaired by Laureate Professor at the University of Melbourne, Adrienne E. Clarke, who has extensive experience with commercialization of her research via her spin-off company Hexima Ltd.



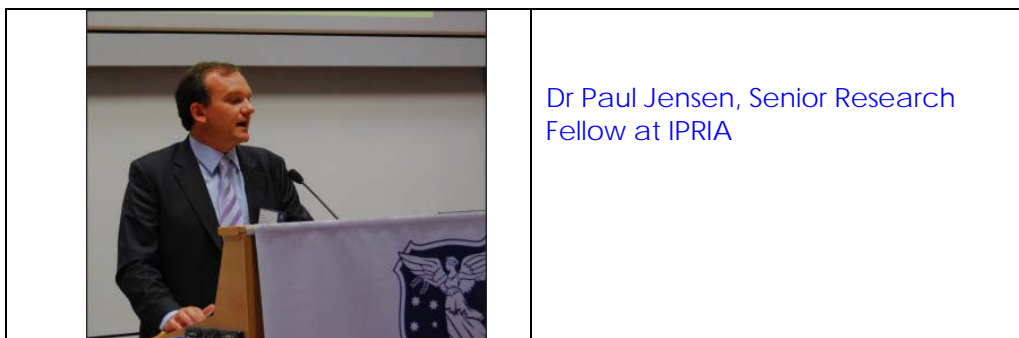
The conference panel in Melbourne comprised (from left to right):-

- Associate Professor Beth Webster, Director, Intellectual Property Research Institute of Australia, University of Melbourne
- Professor Alfonso Gambardella, Professor of Management, Università Commerciale "L. Bocconi", Milan, Italy
- Dr Peter Jonson, Professional Director, Emeritus Chair, Melbourne Institute, Inaugural Chair, AIC
- Professor Bronwyn H. Hall, Professor of the Graduate School at the University of California at Berkeley, United States and Professor of Economics of Technology and Innovation at the University of Maastricht, Netherlands
- Dr Gregory Smith, Director, SciVentures Investments Pty Ltd
- Professor Colin Masters, Laureate Professor, University of Melbourne and Co-Founder of Prana Biotechnology Ltd

The two keynote speakers at the conference were Professor Bronwyn Hall, University of California, Berkeley, and Professor Alfonso Gambardella, Bocconi University, Milan.

Other speakers at the conference included:-

- Dr Charlie Day, Chief Executive Officer, Melbourne Ventures
- Dr Rowan Gilmore, Chief Executive Officer, Australian Institute for Commercialisation
- Dr Paul Jensen, University of Melbourne
- Mr Malcolm McBratney, Partner, McCullough Robertson Lawyers
- Dr Nigel Poole, Executive Director, Business Services, CSIRO
- Dr Mark Rogers, Oxford University
- Dr Gregory Smith, Director, SciVentures Investments Pty Ltd
- Mr Glenn Wightwick, Director of the IBM Australia Development Laboratory



To watch videos of selected speeches from the conference, visit:

<<http://www.vimeo.com/channels/ipria>.>

Seminars

Since January IPRIA has held a number of free public seminars across Australia on various aspects of Intellectual Property, and they have featured local and international speakers.

IP Professionals and Ethics

These lunch-time seminars, held in Brisbane (9 March), Melbourne (18 March) and Sydney (19 March,) were jointly presented by IPRIA and IPTA, and were sponsored by Fisher Adams Kelly (Brisbane) and Blake Dawson (Melbourne).

The presenters were Dr Linda Haller, Melbourne Law School, The University of Melbourne, and Dr Trevor Davies, Councillor and Fellow of the Institute of Patents and Trade Mark Attorneys of Australia, and Partner with Allens Arthur Robinson Patent and Trade Marks Attorneys.

The seminar helped clarify the issue of what is meant by a conflict of interest and how it can be identified — as it relates to patent attorneys. The consequences can be severe for intellectual property practitioners and their clients, and the legal obligations of patent attorneys need clarification.

Landmarks in Australian Intellectual Property Law

On 25 March Mallesons Stephen Jaques hosted the Melbourne book launch of *Landmarks in Australian Intellectual Property Law*, published by Cambridge University Press and edited by Professors Andrew Kenyon, Megan Richardson and Sam Ricketson of the Melbourne Law School, was launched by Dr Emmerson QC.

This authoritative text provides a picture of how Australian intellectual property law has developed as a distinctly Australian body of law during the century since Federation.

Do Patents Matter for Commercialisation?

Between 19 and 25 May this year Dr Paul Jensen presented in Perth, Adelaide and Sydney at Lunch-time seminars jointly presented by IPRIA and IPTA. The topic was the role that patents play in determining successful commercialization — using survey data on 3,736 Australian inventions which were the subject of a patent application between 1986 and 2005.

Although almost half of the survey respondents' patent applications were not granted, many still attempted to commercialise their inventions. This variation in patenting and commercialization outcomes enables us to examine the role that patents play in shaping commercialization outcomes (both in terms of attempting to commercialize and the monetary return from commercialisation). Results suggest that while the receipt of a patent grant had a positive and significant effect on attempting most commercialization stages, the magnitude of effect is quite modest.

Presentations and videos of selected speeches can be viewed at www.ipria.org/events/2009/Commlnventions.html.

Patent Infringement in Australia, Results from a Survey

These lunchtime seminars were on patent policy — the prevalence of (alleged) infringement and what steps are being taken to stop the copying activities, plus a discussion of what can be done to improve the efficacy of patent enforcement in Australia.

The seminars, presented by IPRIA and sponsored by Blake Dawson, were held in Melbourne on 9 June, at Blake Dawson; in Brisbane on 10 June at Blake Dawson, and were preceded by a presentation to IP Australia in Canberra on 21 May.

The Presenters were:

- Associate Professor Beth Webster, Director, IPRIA, The University of Melbourne.
- Kimberlee Weatherall, Senior Lecturer, TC Beirne School of Law, The University of Queensland.

Panel Forums

ISPs (Independent Service Providers)

This industry/academic forum on 'ISPs and the authorisation of customers' copyright exploitations', was held on 5 February at the Melbourne Law School. The Intellectual Property Research Institute of Australia (IPRIA) and the Centre for Media and Communications Law (CMCL) hosted the forum. It included leading industry & academic speakers on the issue of whether ISPs should be held responsible for the infringing conduct of their customers using the internet.

The Chair was Professor Sam Ricketson, Melbourne Law School, and the speakers were:

- Mr Frank Rittman, Motion Picture Association, Asia Pacific Regional Legal Counsel
- Ms Jane Perrier, Telstra, General Counsel Intellectual Property
- Associate Professor David Brennan, Melbourne Law School, University of Melbourne
- Ms Kim Weatherall, TC Beirne School of Law, University of Queensland

"Should Genes be Patented?"

A public forum was held at the Melbourne Business School on 24 April, on the topic "Should Genes be Patented?" The event was organized by the Intellectual Property Research Institute of Australia (IPRIA) and the Melbourne Business School Centre for Ideas and the Economy (CITE).

The patenting of genes is currently the subject of an Australian Government Senate Inquiry, and whether genetic 'inventions' are patentable is likely to have a significant impact on scientific and technological progress, and on the provision of healthcare.

The forum was attended by 108 academics, government officials, business leaders, scientists, patent lawyers, pharmaceutical companies, CSIRO, IP Australia, and the Secretary for the Senate Committee conducting the Gene Patent inquiry.

Associate Professor Beth Webster, Director IPRIA, welcomed attendees and briefly spoke about the significance of the forum theme. The Forum Chair and moderator was Joshua Gans, Professor of Management at the Melbourne Business School and Director of CITE.

An overview and summary of the IPRIA+CITE joint submission to the Senate Inquiry, was presented by Kwanghui Lim, Associate Director at IPRIA and Research Associate at CITE. The submission was been jointly made by Dr Chris Dent, Senior Research Fellow with IPRIA, and Kwanghui Lim.



A Panel of four specialists in this field presented their views on whether genes should be patented, including arguments for and against, followed by an open discussion with the audience.



Seated on the right of Professor Gans, are the Panel members (from left):-

*Dianne Nicol, University of Tasmania
Dan Peled, Professor of Economics from Haifa University
Gregory Mandel, Professor of Law from Temple University,
Gillian Mitchell, Head of Familial Cancer Center,
Peter MacCallum Cancer Research Centre*

To view video webcasts of the event or to share your opinions on gene patenting, visit < <http://genepatents.info>>

"That IceTV is a hard case making bad law"

Two public seminars in the form of an Academics' Debate were held in Melbourne (28 May) and Sydney (29 May) and were jointly presented by CMCL, IPRIA and UTS.

The IceTV vs. Nine Network Australia case involved the reproduction of entries from Nine Network's weekly broadcast schedule, by IceTV for use in the latter's electronic program guide. In April 2009, the High Court of Australia handed down its unanimous decision finding that IceTV did not infringe Nine Network's copyright, and in so doing overturned a unanimous decision of the Full Federal Court of Australia. The High Court's decision challenges the orthodoxy as to how Australian copyright law affords protection to those who make compilations.

The desirability, for both the recognition of copyright works and how those works are infringed, was debated at the seminar by the following panel of four leading Australian intellectual property academics:

- Dr David Lindsay, Faculty of Law, Monash University
- Associate Professor David Brennan, Melbourne Law School, the University of Melbourne
- Professor William van Caenegem, Faculty of Law, Bond University
- Ms Kimberlee Weatherall, TC Beirne School of Law, The University of Queensland

The IceTV panel was chaired by Professor Sam Ricketson.

Workshops

IP in the Real World: Sidamo and BlackBerry IP Management

IPRIA commenced hosting a new workshop series, aimed at middle / senior managers. They are based on case studies by IPRIA personnel and the first one, 9 June, was a practical introduction to the patent and trade marks systems referring to two cases — the BlackBerry case and the Sidamo case (re Ethiopian coffee).

The workshop, entitled 'IP in the Real World', was presented by Kwanghui Lim and Fiona Rotstein.

- The BlackBerry case was on a dispute between a US inventor and a Canadian technology company over patent infringement. The resulting legal battle threatened to shut down the BlackBerry system leaving millions of users, including essential government employees in the US and elsewhere, without their main communications tool.
- The Sidamo case was on a challenge by Starbucks to the Ethiopian Government's application for a US trade mark in relation to coffee. The case illustrates a sophisticated use of the trade mark system to create favourable terms of trade.

IPRIA Working Papers (January – June 2009)

No.	Authors	Title	Date
11/09	Paul H Jensen, Russell Thomson and Jongsay Yong	Estimating the Patent Premium: Evidence from the Australian Inventor Survey.	May 2009
10/09	Kimberlee Weatherall and Elizabeth Webster	Patent infringement in Australia: Results from a Survey	May 2009
09/09	William Griffiths and Elizabeth Webster	What governs Firm-Level R&D: Internal or External Factors?	May 2009
08/09	Paul H Jensen and Elizabeth Webster	What Creates Abnormal Profits: Collusion, Efficiency or Strategy?	May 2009
07/09	L.C. Hunter, Elizabeth Webster and Anne Wyatt	Identifying Corporate Expenditures on Intangibles Using GAAP.	May 2009
06/09	Christian Helmers and Mark Rogers	Does Patenting Help High-Tech Start-Ups?	May 2009
05/09	Russell Thomson	Tax Policy and R&D Investment by Australian Firms	April 2009
04/09	Paul H Jensen and Elizabeth Webster	Macroeconomic Conditions and Successful Commercialization	April 2009
03/09	Elizabeth Webster and Paul H. Jensen	Do Patents Matter for Commercialization?	March 2009
02/09	Russell Thomson	Tax Policy and the Globalisation of R&D	January 2009
01/09	Chris Dent	Patents As Administrative Acts: Patent Decisions For Administrative Review?	January 2009

Working Papers can be downloaded for free from www.melbourneinstitute.com/publications/working/wp2009.cfm.

Staff

- Since the last IPRIA newsletter, December 2008, we are pleased to welcome Professor Megan Richardson as the Associate Director of IPRIA (Law). Megan received her BA.LLB from Victoria University of Wellington, New Zealand. She has an LLM from Yale University, where she was a Fulbright scholar, and an LLM in comparative law from the Free University of Brussels. Prior to her appointment at the University of Melbourne, Megan was a Senior Legal Research Officer at the New Zealand Law Commission and for a brief time worked at the Victorian Law Reform Commission and Australian Law Reform Commission.
- Professor Ian O. Williamson is now a full Professor at the Melbourne Business School.
- IPRIA's Dr Alfons Palangkaraya has been promoted to Senior Research Fellow.
- IPRIA's Executive Officer, Jean Molloy, is moving on 26 June to take up a new position in the Melbourne Law School. Jean has been one of the mainstays of IPRIA almost since its inception and the achievements of IPRIA owe much to her

dedication, enthusiasm and professionalism. We all wish her well in the new role, and we take this opportunity to acknowledge, with gratitude, Jean's significant contribution to IPRIA's success.



- Jean's successor is Michelle Wilson who takes up the role of IPRIA's Executive Officer in late June.



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