

Introduction

Telstra Corporation Limited ('Telstra') welcomes the opportunity to make a submission to the USPTO on prior user rights.

As Australia's leading telecommunications and information services company, Telstra provides customers with a truly integrated experience across fixed line, mobiles, broadband, information, transaction, search and pay TV. Telstra BigPond is Australia's leading Internet Service Provider offering retail internet access nationally, along with a range of online and mobile content and value added services

One of our major strengths in providing integrated telecommunications services is our vast geographical coverage through both our fixed and mobile network infrastructure. This network and systems infrastructure underpins the carriage and termination of the majority of Australia's domestic and international voice and data telephony traffic.

Telstra has an extensive intellectual property portfolio, including trade mark and patent rights in Australian and overseas. Telstra is also a licensor and a licensee of intellectual property, including a licensee of online and digital content.

The prior user exemptions to infringement under Australian and other countries' (such as Japanese, EU and Canadian) law are important mechanisms that allow companies or individuals to continue activities legitimately undertaken prior to the grant of a third party patent. It's Telstra's submission that harmonisation of US laws to recognise and adopt similar prior user provisions would be welcomed to similarly provide certainty for commercial practices and investment.

Our response below focuses on those aspects of the study into prior user rights that are of particular interest or concern to Telstra.

1a. Please share your experiences relating to the use of prior user rights in foreign jurisdictions including, but not limited to, members of the European Union and Japan, Canada, and Australia. In doing so, please include the following:

(a) An identification of the foreign jurisdiction(s);

Australia

(b) The frequency or regularity with which prior user rights were utilized or asserted in the particular jurisdiction(s);

Although prior user rights may be available to Telstra, circumstances have not arisen in which Telstra has needed to assert these rights. However, such rights would be relied upon in the event that Telstra was accused of infringement for activities that commenced prior to the priority date of the patent.

(c) The technology or industry involved;

Telecommunications, including fixed, mobile and online communications.

(d) The operation of the prior user rights regime in the particular jurisdiction(s); and

Pursuant to section 119 of the *Patents Act 1990* (Cth) prior use of an invention in Australia constitutes an exemption from infringement. In order to qualify for the exemption, the person seeking the exemption must have been exploiting the invention (or taken definite steps to exploit the invention) claimed, in Australia, before the priority date of the relevant claim. Ceasing exploitation (or abandoning steps taken to exploit the invention), other than temporarily, is fatal to qualifying for the exemption. Further, the person seeking the exemption must not have derived the subject-matter of the invention from the patentee or the patentee's predecessor in title.

(e) The advantages/disadvantages of the prior user rights regime in the particular jurisdiction(s).

The main advantage of a prior user rights regime is that it provides certainty for commercial practices and investment that have been legitimately undertaken prior to the application for a third party patent; i.e., a prior user rights regime ensures that the grant of a subsequent patent to the third party does not deprive a commercial enterprise or individual from continuing to do what it was doing before the application for the patent was made. This is beneficial because it allows companies to trial, raise capital, innovate, invest and carry out their usual commercial activities without fear of infringing a patent subsequently granted. Conversely, if a prior user rights regime was not in place, it would be unduly burdensome for companies to continuously monitor the applications for patents to ensure their activities were not potentially infringing the future rights of third parties. Moreover, the recognition of prior user rights is consistent across other intellectual property right regimes in Australia.

Furthermore, given the existing prior user regimes in other jurisdictions such as Canada, EU and Japan, the harmonisation of US law with these countries' laws enhances a company's and an individual's ability to operate internationally.

For these reasons, Telstra believes that the US should enact provisions where prior use anywhere in the world would satisfy an exemption to infringement. In the alternative, prior use in the US should satisfy an exemption to infringement.

A disadvantage of a prior user rights regime is that the patent owner will not have the absolute right to prevent all others from using the invention while the patent is in force. However in our view, this disadvantage is far outweighed by the advantage outlined above.

1b. If you do not have any experiences relating to the use of prior user rights in foreign jurisdictions, please identify the following:

(a) The frequency or regularity with which you engage in business abroad including, but limited to, the following foreign economies: members of the European Union and Japan, Canada, and Australia;

Telstra is an Australian publicly traded company with a number of international businesses including:

- Telstra International - a premier provider of international voice, satellite and IP data services. Telstra International is headquartered in Hong Kong, with substantial businesses across Asia, North America and Europe.
- CSL – Hong Kong’s leading mobile network operator.
- China search and advertising businesses, including the Sequal businesses – Pcpop, IT168, Autohome and CHE 168, the Octave businesses – Sharp Point and ChinaM and LMobile and China Bar.
- TelstraClear is traded on the New Zealand stock exchange.

(b) Your opinion as to why you believe prior user rights are or are not needed in the particular jurisdiction(s).

Telstra believes that prior user rights are important to strike a balance between encouraging innovation and investment and rewarding patentees. In this regard, many inventions are not patentable, or are only partially patentable and some inventions are protected by way of confidentiality laws as opposed to the patent system. There are many reasons for this, such as where the invention can be reverse engineered. It’s important for companies and individuals to be able to use and commercialise these types of inventions, particularly where there has been a considerable R&D investment. It is also important that customers can participate in a legitimate trial, or purchase a legitimate application or service, without future disruption or conflict which may be caused by the subsequent grant of a third party patent.

A prior user regime would protect these businesses/individuals from the threat of infringement actions so that they can continue to legitimately exploit their inventions and gain a return from their investment.

6. Please share your views, along with any corresponding analysis, as to whether the change to a first-to-file patent system creates any particular need for prior user rights in the United States.

Previously under a first to invent patent system, first inventors were able to challenge the validity of any later filed patent applications. Under a first-to-file patent system, this would no longer be possible. Thus upon the introduction of this new patent system protection needs to be afforded to those who have invented and used an invention prior to its filing as a patent application. To not grant this protection would be unfair and unduly restrictive on those who choose to protect their invention via the maintenance of secrecy.