

5 May 2000

Ms K. Collins  
Director,  
Intellectual Property and Competition Review Committee Secretariat  
Attorney Generals Department  
Robert Garran Office  
National Circuit,  
Barton ACT 2600

Dear Ms Collins

## **INTELLECTUAL PROPERTY AND COMPETITION REVIEW COMMITTEE INTERIM REPORT**

I am writing on behalf of the Australian Biotechnology Association to provide comments on the draft report, issued in April 2000. We submitted comments previously on this issue to The Hon. Peter Costello, MP, Treasurer, in a letter dated March 1999 (co-signed with several other industry organisations). However, we note that the ABA is not listed in the Appendix acknowledging submissions and ask that this be corrected in the final report.

The Australian Biotechnology Association (ABA) wishes to address some of the issues raised by the Committee in its consideration of the Australian Patent system and will then turn its comments briefly to the committee's consideration of Section 51 (3) of the Trade Practices Act.

### **Patent System**

We note that the Committee advocates retention of an open textured standard, such as that currently used to define the bounds of "manner of manufacture". In recent years the Australian Biotechnology industry has evolved enormously. What was science fiction a few years ago is now reality. In order to properly cope with such evolution on a scientific scale the patent system must in our opinion maintain its flexibility and be ready to adapt to new and evolving technologies. To limit the bounds of "manner of manufacture" could possibly lead to the stifling of new and emerging technologies and would develop a patent system that potentially was unable to deal with those technologies. We fully endorse the Committee's approach concerning this matter.

A significant issue that has recently attracted a large amount of public comment in the biotechnology industry has been the question concerning patenting of the human genome. The ABA fully endorses the Committee's proposal that Australian utility requirements should be brought more into line with the US counter parts. Moreover we agree that Examiners at the Australian patent office should include and more expansive utility examination as part of their examination process. Further you may wish to consider proposing that such criteria should also become available to opponent to argue during opposition proceedings.

To strengthen the Australian patenting system can only be better for Australian industry as it should provide a greater degree of credibility to the IP rights that are issued in

Australia. Anything that can be done to enhance IP protection by improving the background against which examination takes place, such as expanding the novelty or inventive step prior art base and or shifting the onus (stringency test) on applicants during examination, is in our view a positive move. Such a course of action would ensure that those patents that are granted are of substance and that patents are not established via some technicality in a law, which is different from some of the other major commercialized countries.

We note that the Committee suggests that patent applicants should be made to disclose to IP Australia any prior art material that has come to the applicant's attention up until the date of advertisement of the Notice of Acceptance. While this issue has merit and would certainly be beneficial to IP Australia, we query how such a proposal would be enforced. What would be the penalties for failing to provide that literature? Who is going to enforce such penalties? At present false suggestion is not a ground available to an opponent to challenge a patent. Hence if a party failed to provide all of the evidence associated with a particular patent application, which information was clearly in their possession, third parties would have no means to challenge the validity of the patent application on this basis prior to grant.

In response to the Committee's statements concerning hearings we submit that if pre-grant opposition hearings are to be maintained, which we believe they should be, hearing officers must receive more training. Increasing the training of hearing officers can only strengthen the decisions that these people are issuing and indeed strengthen the reputation of IP Australia. In particular Examiner's hearing interlocutory type matters should be given specialist training by the judiciary so that when disputes arise between parties at a hearing those matters can be dealt with immediately. While a select few of the more senior hearing officers have been known in the past to take a more active stance in a hearing, most hearing officers say very little in the hearing.

### **Section 51 (3)**

We note that submissions received by the committee were opposed to amendment of Section 51(3) on the grounds of removal of an incentive for innovation, and lack of evidence that its removal would be of benefit to Australian industry. Despite these views the committee has recommended repeal of Section 51(3) provision because, in its view, the section does not provide an appropriate balance between the needs of the intellectual property system and the wider goals of competition policy.

The ABA remains opposed to repeal of these provisions because of the potential impact on innovation, which is a central feature of current government policy. In keeping with the current Government's objectives of facilitating the growth of innovative, exporting companies it is important that the underlying messages in the market place are not conflicting. The Government's own Innovation Summit was held last February in response concerns about a reduction in the amount of Business Research and Development (BERD). From a small base any reduction should be of concern in terms of Australia's future technology development. The removal of the exemption would result in a more difficult and costly process for protection of IP, thereby making it at odds with the Government's objective of generating innovation. Even if the relevant IP Acts are amended to compensate it strikes us that this increases uncertainty and the government

runs the risk that judicial decisions on separate Acts will lead to a divergence of law in this area.

In terms of international trade it is also important that Australia is not out of step with its trading partners. Other OECD countries have laws whose overall effects are similar to s 51 (3). Repeal of this reference could make Australia a less desirable market for innovation than our overseas competitors, because licensing would be subject to the more costly and time-consuming authorisation processes. Even if three

Given the shortness of the time available for comment on this issue, we are unable to provide further detailed suggestions. Nevertheless, we believe that should such either repeal of this section or further modification be envisaged, it would be appropriate to undertake extensive consultation through existing network such as those provided by Biotechnology Australia at the government level and the Australian Biotechnology Association at the industry level.

Yours sincerely

Peter Rogers  
President