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***By email***

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**CONSULTATION ON AN OBJECTS CLAUSE AND AN EXCLUSION FROM PATENTABILITY**

**Introduction**

These submissions have been prepared by the New Zealand Institute of Patent Attorneys Inc (NZIPA). The NZIPA was incorporated in 1912 and represents most, although not quite all, patent attorneys registered under the New Zealand Patents Act 1953 who are resident and practicing in New Zealand. Many of our patent attorneys are also registered in Australia.

Patent attorneys hold a unique position in Australia's innovation sector. The patent attorney profession continues to evolve and respond to the changing needs of the Australian and global environments. Patent attorneys provide real support to Australia's innovators through identification and enhancement of ideas, protection and commercialisation.

Today's patent attorney sits alongside Australia's inventors and innovators, identifies their point of difference, protects them, often invests in them and identifies courses of action to commercialise Australian innovations and inventions. That advice is not limited to patent law, and covers a broad range of legal and commercial issues.

It follows that we believe we can offer a unique perspective on these proposals for amendments given our experience with recent law reform in New Zealand.

**Objects clause**

The consultation paper proposes two options for an objects clause. We agree generally with the need for an objects clause. We favour option 2 set out as follows:

'the purpose of the patent system is to provide an environment that enhances the well-being of Australians by promoting innovation and the dissemination of technology and by balancing the competing interests of patent applicants and patent owners, the users of technology, and Australian society as a whole'.

The wording of option 2 is the closest to the wording already present in the New Zealand Patents Act 2013. Section 3(a)(i) of the Act sets out a purpose of the act as providing an efficient and effective patent system that

'promotes innovation and economic growth while providing an appropriate balance between the interests of inventors and patent owners and the interests of society as a whole'.

Section 3(a)(ii) of the New Zealand Act goes on to say that the patent system should comply 'with New Zealand's international obligations'. We would like to see recognition within the Objects clause of the Australian Patents Act that it also be interpreted in a way that is consistent with Australia's international obligations.

Section 3(e) of the New Zealand Act further records that the patent system should 'ensure that New Zealand's patent legislation takes account of developments in the patent systems of other countries'. We believe this concept should also be included in an Objects clause in Australia. Australian patent law should take into account the developments of the patent system in New Zealand and vice versa.

The remaining objects listed in the New Zealand Patents Act 2013 appear to highlight objects of the new law in remedying defects and shortcomings in the New Zealand Patents Act 1953. We do not recommend that these additional objects be included in the Australian Patents Act. They are specific to New Zealand and are not needed.

### **The need for a patentability exclusion**

The consultation paper assumes that a patentability exclusion is required. Consultation is merely sought on the wording and practical application of the exclusion.

We challenge the view that an exclusion from patentability is required.

A patent is often wrongly referred to as granting an exclusive right to commercially exploit an invention. This belief then leads to the conclusion that it would be inconsistent to grant the exclusive right to commercially exploit an invention where such exploitation would be offensive to the public.

We view a patent as granting the right to exclude. A patent does not grant a right to exploit. The ability of an owner to exploit an invention is constrained by third party rights, statutory limitations, rules, and regulations.

Consider an invention in the mining and metallurgy fields concerning the processing of mined product. Commercialisation of the invention is subject to environmental rules and regulations.

Consider an invention relevant to Australia's primary industries concerning the processing of carcasses in a slaughterhouse. Commercialisation of the invention is subject to animal welfare and food safety rules and regulations.

A patent in one of these fields simply grants the right to exclude. The ability to exploit is subject to rules and regulations quite separate to the patent system.

There is an alternative to introducing an arbitrary and subjective exclusion to the patent system. This is to educate the Australian public on the distinction between patent protection for an invention on the one hand and the right to exploit on the other.

### **Proposed wording for the patentability exclusion**

The ACIP report recommends the following exclusion:

'... exclusion for an invention the commercial exploitation [of] which would be wholly offensive to the ordinary reasonable and fully informed member of the Australian public'.

The hypothetical addressee for the test is proposed to be an 'ordinary reasonable and fully informed member of the Australian public'.

One of the difficulties with such a test is that many fringe interest groups, or at least some members of these groups, would claim to be ordinarily reasonable and fully informed members of the Australian public.

For example an environmental activist group, or a political party with strong environmental agendas, could legitimately claim to be offended by the commercial exploitation of mining technology. Vegans and animal welfare activists could legitimately claim to be offended by the commercial exploitation of slaughterhouse practices.

The proposed wording introduces a subjective test that is wider than intended.

The New Zealand Patents Act 2013 already contains a section dealing with inventions where commercial exploitation would be contrary to public order or morality. While we don't necessarily agree that such a clause is required, it would make sense to adopt the same or similar wording in Australia.

The relevant section in New Zealand as set out below:

**15 Inventions contrary to public order or morality not patentable inventions**

1) An invention is not a patentable invention if the commercial exploitation of the invention, so far as claimed in a claim, is contrary to—

(a) public order (which in this section has the same meaning as the term *ordre public* as used in Article 27.2 of the TRIPS agreement); or

(b) morality.

(2) For the purposes of subsection (1), commercial exploitation must not be regarded as contrary to public order or morality only because it is prohibited by any law in force in New Zealand.

(3) The Commissioner may, for the purpose of making a decision under this section, seek advice from the Māori advisory committee or any person that the Commissioner considers appropriate.

**Powers to seek advice on ethical matters**

We agree with the proposal that the Australian Patents Act explicitly provide the Commissioner of Patents with powers to seek advice on ethical matters.

We agree with the comments in the ACIP report that consideration of ethical issues is not a routine exercise for patent examiners. Patent examiners in our view are not equipped to consider whether the commercialisation of an invention would be offensive to the Australian public. That has certainly been our experience in New Zealand.

The New Zealand Patents Act 2013 contains section 15(3) that empowers the Commissioner to seek advice from any person that the Commissioner considers appropriate. The section is primarily concerned with indigenous considerations, but there is the power to seek advice from other parties.

Again speaking from experience it may be beneficial to direct rather than empower the Commissioner to seek advice from outside IP Australia. Ethical issues to date in New Zealand

have often been resolved informally by conducting a straw poll of New Zealand examiners. Such ethical issues require input from other persons.

A more formalised external process would be preferred. The Governments of Australia and New Zealand have announced a suite of legislative changes to implement a Single Economic Market regime. Under this regime some Australian patent applications will be examined by New Zealand examiners. Similarly, some New Zealand patent applications will be examined by Australian examiners.

New Zealand examiners are even less equipped to make moral judgements on what would be offensive to the Australian public than Australian examiners, hence the need for a direction to consult with a suitably qualified independent third party.

Please contact me if you have any questions in regard to this submission.

Yours faithfully

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