

11 March 2005

Mr Sean Applegate
ACIP Secretariat
PO Box 200
WODEN ACT 2606

Dear Mr Applegate,

Re: Patents and Experimental Use Options Paper

Please find below the response from the University of Western Sydney to the Options Paper "Patents and Experimental Use" prepared by the Advisory Council on Intellectual Property.

UWS has carefully considered the options presented in the paper and we have fashioned a response based upon our experience as a public / private funded research organisation which also undertakes commercialisation of its intellectual property. We firmly support the general view that clarity is required in this area and we welcome the opportunity to respond to the options outlined in the paper.

We agree with the general proposition that "*patent holders should be adequately protected for the advance that they have made and no more, while all innovators should be free to further develop the general field of a patented invention and so increase the benefits to society.*"¹ In so doing, we support the ACIP Option C8 as the one most likely to achieve the requisite balance for the promotion of innovation and the advancement of commercialisation at UWS. However, it is our firm view that Option C8 should be further supplemented by way of a compulsory licence mechanism.

Option C8

In supporting Option C8, we are of the view that:

- It is critical to exclude experimentation "with" the patent subject matter as this would likely impede innovation across a range of technologies and in particular, in the area of research tools, diagnostics and methodologies. UWS has successfully negotiated commercial licenses and assignments of intellectual property for a range of methodology and process patents which leverage their value on the basis of exclusivity of use, including experimental use "on" and "with" the patent. Greater exclusivity for the patent holder provides for greater investment value.

¹ Advisory Council on Intellectual Property, *Patents and Experimental Use – Options Paper*, (December 2004) p27

- A “fair use provision” for patents is of little value. The copyright “fair use” provisions are frequently misunderstood and require specialist and/or legal advice to be effectively implemented (for example, UWS has a Copyright Officer who provides specialist guidance in this area and, when required the Office of University Legal Council give legal advice in respect of copyright).
- Consideration be given to the harmonisation of patent laws which is gaining traction in the international community (such as the *Exploratory Meeting of Interested Parties Concerning the Future of Substantive Patent Law Harmonization*, the *New Working Group on Substantive Patent Law Harmonisation* to be chaired by Australia and, the Trilateral “first package” proposal to WIPO to reinvigorate the organisation’s stalled harmonisation agenda). UWS will be following these developments with interest as the majority of our patents are prosecuted in Australia and overseas jurisdictions (including EU, USA, and Japan) and consequently, the harmonisation of patent law is viewed as a favourable outcome for both research and IP commercialisation.
- This option achieves the requisite certainty and balance, the balance being the incentive to invest in innovation and the dissemination of knowledge for further advancement in the innovation area.
- Option C8 encourages a robust patent system allowing for testing of patented inventions.
- Modification of the pre-grant provisions is discounted by us for the main reason that it may result in a distortion of the defined utility of the invention. Patent owners may seek to include an exhaustive list of utilities to broaden the scope of the patent for the purpose of restricting experimental use. This will likely result in ambit claims being made in the patent specifications. Alternately, it could act as a deterrent, delaying the lodging of a provisional patent until which time the scope of the utility can be defined in a manner that is broad enough to leverage the commercial value of the patent. In a particularly competitive field of endeavour this delay could result in a substantial loss of opportunity.

Compulsory Licensing

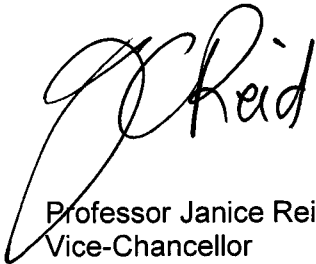
We are of the opinion that in order to encourage a more effective use of the patent system for commercialisation of IP the operation of the experimental use provision in Option C8 should be supported by a compulsory licensing mechanism. This was identified as a useful supplement by several submissions to the ACIP Discussion Paper of 2003, and in support of this mechanism UWS is of the view that:

- The existing compulsory licensing mechanisms (s133 Patents Act) can be modified to increase their scope and efficacy. We recognise that the existing compulsory licensing mechanism is seldom used as it is a cumbersome and uncertain process with high costs and long implementation time-frames. However, for the purpose of a compulsory licence for experimental use these shortcomings could be addressed by placing the patent owner or a statutory body in control of licensing mechanism or by enacting a notification system (a semi-automatic process whereby the licensee gives notice to licensor).

- Contracts can be used to govern a royalty-free licence to use a patented invention for the purposes of non-commercial experimentation. This would successfully counter-act any perception that an experimental use exemption is an “open source” provision.
- The increased transaction costs would be offset by the valuable competitive intelligence gained by the patent owner which in turn may promote licensing and cross-licensing of technologies between the parties.
- The risk of the licence being unreasonably withheld or unnecessarily delayed by the licensee would need to be regulated by legislation.
- Compulsory licensing could only commence when the patent is granted, providing a period of monopoly for the inventor and thereby, enhancing the conditions for attracting investment. The process would require an effective dispute resolution mechanism.

Please do not hesitate to contact me should you require further comment or clarification.

Yours sincerely



Professor Janice Reid
Vice-Chancellor