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Dr Rod Crawford
Secretariat
Advisory Council on Intellectual Property
PO Box 200
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Dear Dr Crawford

ACIP AND EXPERIMENTAL USE

I refer to the Advisory Council on Intellectual Property paper entitled "Patents and Experimental Use" and would like to provide the following comments:

Question 2 – What lessons if any do overseas experience and law hold for an experimental use exemption in Australia? In particular are any of the overseas approaches to be preferred for Australia?

The approach taken in the EU is reasonable in that it provides for an express legislative provision covering experimental use. Furthermore, it recognizes that development of the state of the art and the public interest is a paramount consideration in exempting research from infringement. In particular, the distinction based upon whether the research is on the invention itself (how it operates, if it works and to build upon it) as opposed to using the invention for the purpose for which it was made is a good one and avoids having to determine the issue of whether it is basic research or commercial research.

If Australia wishes to ensure that its research is at the cutting edge, if it wishes to produce graduates of high calibre then it cannot afford to have research projects hampered by fears of infringement action and the possibility of budgets being blown out due to additional costs for such use. Research is about pushing through the frontiers of science not starting behind the state of the art. If researchers cannot use state of the art science because it is patented then they must research around that subject matter which means loss of time. This also involves loss of money as researchers are forced to reinvent the wheel by a different means and this involves cost to the sponsor of that research. In addition, the time and cost of attempting to carry out due diligence on every research project to provide some comfort to the university that it is not infringing patents would be exorbitant and would most likely frustrate research altogether. This position would need to be supported by a significant infrastructure and at the end of such an exercise there is no guarantee that there would be no infringement by the researchers as the delays in publication of patent specifications under the patent system means there will always be doubt regarding this issue even with the best of searches. This would add to the overall cost of innovation.

Q6 – Does fair dealing or fair use in copyright law hold any lessons for "experimental use in Australian patent Law? For example could any of the provisions for fair dealing use be translated into an experimental use provision in patent law? Or do differences in the nature and application of copyright and patent rights limit the analogies between the two systems?

The principles of fair dealing in copyright could be adapted for patented subject matter. The notion of identifying the type of situations in which use of patented subject matter could constitute a 'fair dealing' and the establishment of criteria to be taken into account for the purposes of determining fair dealing would go a long way in defining the parameters of such an exemption.

Question 7 - do basic applied or hybrid research have different needs with respect to the patent system? If so, how can the patent system accommodate these differences?

Basic research can perhaps be distinguished from that research which is funded by industry which is looking for a commercial outcome. Freedom to operate for researchers conducting basic research is fundamental to a university's teaching program and impinges on the quality of the teaching program and the students learning under it. There should be a full exemption for teaching and basic research purposes otherwise it undermines the quality of our programs, our researchers and our students. Researchers need to ensure that they are teaching state of the art science and technology. Research should push the frontiers of science not merely reproduce it or find alternative ways of achieving the same outcome [although clearly there may be a place for this sort of research also]. Commercially driven research moves into a grey area where the principles for exemption are not so easy to define. However, even here where patented subject matter is used for commercial research this also has the impact of driving technology development forward.

Until that commercial research appears in the form of products in the market place one must ask the question 'What is the purpose of the protection under the patent system and what is the loss to the patent holder?' Should the emphasis be on preventing the use of patented subject matter or should the emphasis be on rewarding the patent holder by providing a mechanism for compensation for that use. Once a product is in the market place the patent holder can enforce the protection and this is where the value can be quantified. This is also where the tension between the patent system and the desire for free market/anti competition issues is clearly evident.

However, in practice, the commercial world engages in a great deal of cross licensing between companies whose inventions cross over patent boundaries. We suggest that the real value of the patent is not in the research on the bench top but in its embodiment in products in the market place. Therefore, it would not make sense to restrict access to patented subject matter for research purposes. There are circumstances where patented subject matter is used once to produce a new product that in itself does not infringe the patented subject matter. In these cases it is not so easy to determine the mechanisms for compensating the patent holder although clearly there should be compensation paid as without that bridging technology the new products would not have been brought into existence.

Question 8 – Is there any evidence for a “patent thicket” or “tragedy of the anti-commons” problems in research and development? If so what are the issues/effects?

Not in our experience. Universities have for a long time been involved in trying to unravel rights to IP ownership and issues of freedom to operate and these are generally solvable issues at the research level because there is goodwill and the desire to achieve a solution. However, this is not to say that there is not concern by researchers regarding the possibility that their research might be curtailed and is reason why clarification on this matter is required. At the same time it is evident that there is considerable pressure on university commercialisation arms to ensure that the due diligence on research being taken forward to market is carried out to the highest level so that these issues are uncovered and addressed at the appropriate time.

Yours faithfully

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