



Group of Eight

30 April 2004

Dr Rod Crawford
Secretariat
Advisory Council on Intellectual Property
PO Box 200
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By email: rod.crawford@ipaaustralia.gov.au

Dear Dr Crawford

Patents and experimental use issues inquiry

The Group of Eight (Go8) is a coalition of Australia's leading research universities. Go8 universities are partners in more than 80 per cent of Cooperative Research Centres, attract over two thirds of industry research funding and undertake 60 per cent of experimental development carried out by Australian universities. Go8 researchers win 70 per cent of national competitive grants and their research generates two-thirds of patents registered by Australian universities.

Clearly, for research intensive organisations such as the Go8 universities, clarity in the law governing the experimental use of patented inventions and discoveries is an important issue, especially in light of the direction the United States' courts have taken in cases such as *Maday v Duke (2002)*.

As the Advisory Council's discussion paper points out, there is presently no explicit experimental use exemption in the *Patents Act 1990 (Cth)* and widespread uncertainty exists about the existence at common law of such an exception—and its scope if it does exist. While this uncertainty does not in itself appear to be hampering Australia's research effort, if the Australian courts were to adopt the approach that has been applied in the United States, the impact on our public sector research institutions is likely to be significant. As universities are already struggling with the high cost of adequately protecting and commercialising their IP, any additional financial burden placed on them for the use of patented rights for purely experimental purposes risks delaying or halting all but the most obviously commercially viable research.

As the discussion paper recognises, the laws governing experimental use of patented rights vary considerably from jurisdiction to jurisdiction. In the United States the experimental use exception has no statutory basis

AUSTRALIA'S LEADING UNIVERSITIES

The University of Adelaide

The Australian National University

The University of Melbourne

Monash University

The University of New South Wales

The University of Queensland

The University of Sydney

The University of Western Australia



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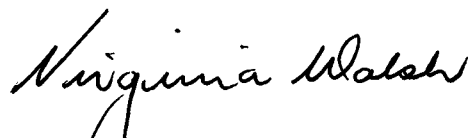
and the courts have construed the exception very narrowly. Japan has had an explicit experimental use exemption clause in its patent laws since 1909. Most EU countries have some form of experimental use exemption while in the United Kingdom case law suggests the legislative exemption present in its patent law is also very narrow. Like Australia, New Zealand has no specific experimental use exemption clause in its patent laws but its courts have adopted an approach which draws a distinction between research of an experimental nature and research with commercial advantage in mind.

The Go8 universities are yet to agree upon a policy position regarding the desirability of the inclusion of an experimental use exemption clause in the *Patents Act 1990 (Cth)*. I anticipate, however, that individual Go8 universities will make submissions to the inquiry and expect the issue to be discussed by Go8 Vice-Chancellors and Deputy Vice-Chancellors (Research) at their June meetings.

Given the importance of this issue to Australia's public sector R&D system, Advisory Council members may wish to meet with our Deputy Vice-Chancellors (Research) committee at our office in Canberra on the afternoon of Tuesday 22 June 2004 from 4.00pm. This committee is a very senior committee within the Go8 organisation, with its members comprising the executives responsible for the research functions of each university.

I look forward to your response.

Yours sincerely



Virginia Walsh
Executive Director