

Re: Innovation patent – exclusion of plant and animal subject matter.

In response to the request from the AVCC to make comments on the Advisory Council IP request for views on the exclusion of plant and animal subject matter from the Innovation Patent, I would like to make the following:

Q1: Is the current “gap” in IP protection for inventions with a lower level of threshold that involves plant and animal subject matter seen as an existing or potential problem?

A: Possibly. It seems to me that there is a place for the innovation patent in that it provides protection for inventions with a lower inventive contribution. This would provide wider range of protection available to a patentee and the choice of whether to file as an Innovation or Standard Patent. As the aim of the scheme is to provide a less expensive option for protection, speedier grant of patent so that infringement proceedings can be brought then there is place for this form of protection. It effectively extends the monopoly rights of a patentee to situations where they would not otherwise be available to it under the standard patent.

This needs to be balanced against the short term of protection making it unsuitable for products and processes requiring a larger lead time to market.

Q2: Given the existence of the standard patent system and the PBR system is there a need for those involved with plant and animal subject matter R&D in Australia to protect their research with the innovation patent?

A: If there is a need, I suggest it is of minimal application. Arguably there is a need in so far as being able to bring infringement proceedings earlier; there are advantages to patentees in protecting and being able to secure commercial return for their inventions (in circumstances where they would not because of failing to meet standard patent requirements).

However, this would only be relevant where the inventive contributor is less than for standard patents. If you can qualify for a standard patent and you have a product with a larger lead time to market, then the choice would be clearly to go for the larger monopoly rights which could be obtained under the standard patent. I suggest that most University research would not fall into the category of short “fad” type product life cycles.

Q3: What if any are the national benefits of excluding plant and animal subject matter from the innovation patent?

A: It would mean that there would be cases where protection is not available for certain types of inventions and therefore a patentee could not obtain monopoly rights in the market place. On the other hand it means that farmers for example could obtain new varieties and not have to pay royalties on the seed grown from such varieties even if commercially used. Arguable the benefit is

Q3 continued

in not increasing the last of production seed and thereby maintaining one's competitiveness in the international market – or in being able to provide an improved product without an increase in cost, i.e. increasing one's competitiveness and perhaps increased market share.

Q4: What impact would the Innovation Patent have on non IP right holders were it to include plant and animal subject matter?

A: It would prevent them from having free access to lesser inventive contributor inventors by extending the monopoly rights for patentees. This means the possibility of international market protection for such inventions. Farmers for example would have to pay royalties on crops not just on the variety. There would be a need to obtain licenses to use those inventions.

The impact could be said to be reduced by the fact that in the agricultural field seeds/plants are tailored to the specific climate conditions in which they are grown. The likelihood therefore of transferring a plant variety from one place or another successfully without altering it in some way is slim.

In conclusion, it seems to me that the value of the Innovation Patent extension to include plant and animal subject matter is dependant on the nature of the invention and it's product life cycle amongst other things. My concerns would be regarding the quality of the applications made and how well they would stand up to international examination.

This would also impact on how the market will view these particular rights. It is clear that politically there is reluctance to extend monopoly rights and there has been a lot of discussion about how to reconcile such rights with the freedoms which the trade practices regime attempt to maintain.

I therefore believe for the University the innovation patent is likely to be useful in a limited number of cases because of the nature of the research which we carry out, and because I can't see the University desiring to pursue infringes as an IP strategy. The cost of infringement proceedings is estimated to be around \$3m and higher.