



**SUBMISSION IN RESPONSE**  
**TO**  
**ADVISORY COUNCIL ON INTELLECTUAL PROPERTY**  
**PATENTABLE SUBJECT MATTER ISSUES PAPER, JULY 2008**

*"The purpose of s.6, it must be remembered, was to allow the use of the prerogative to encourage national development in a field which already, in 1623, was seen to be excitingly unpredictable. To attempt to place upon the idea the fetters of an exact verbal formula could never have been sound. It would be unsound to the point of folly to attempt to do so now"<sup>1</sup>.*

**Question 1**

Limits can be placed on inherently patentable subject matter on economic grounds where there is overwhelming evidence to support and justify a limit. There is currently no evidence to support and justify change to the existing Australian law. All previous reviews concluded<sup>2</sup> that there is no need for any change, and nor should a change be made now.

The subject matter of each individual invention should not be assessed to determine whether a patent is necessary to encourage innovation, nor should such an assessment be done for entire fields of technology. IP Australia is not in a position when examining patent applications to make any such assessment. Assessments of this nature are also inherently subjective<sup>3</sup>.

**Question 2**

The consequences on innovation of imposing limits on patentable subject matter are significant.

Adjusting a test for patentable subject matter can remove an entire class of inventions from being susceptible to patent protection, before any assessment is made as to whether the other criteria are met, i.e. whether an invention is actually new or sufficiently inventive to warrant protection. Innovators seek the exclusivity that patent protection provides for their inventions

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<sup>1</sup> *National Research Development Corporation v Commissioner of Patents*, (1959) 102 CLR 252 (NRDC) at 271, High Court of Australia, Dixon C.J, Kitto and Windeyer J.J.

<sup>2</sup> Industrial Property Advisory Committee (IPAC) 1994, Intellectual Property and Competition Review Committee (IPCRC) 2000, and Advisory Council on Intellectual Property (ACIP) 2003.

<sup>3</sup> For example, reference can be made to *Grant v Commissioner of Patents* [2005] FCA 1100, paragraphs 20 to 22, Branson J.

in order to extract a reward for their development and in return for disclosing their work. The protection provides security for investment and business development. Without that protection, the level of investment in innovation cannot be justified. Alternative forms of protection may also be then relied upon, such as adopting a policy of maintaining trade secrets instead of disclosure to the public.

### **Question 3**

Ethical issues are difficult to deal with in legislation, particularly when society does not adhere to a consistent position or positions change over time. Our Courts certainly have the flexibility to deal with ethical issues as part of their discretion, but they are reluctant to do so for fear of not correctly representing the views of society.

Patent law is not an appropriate avenue for dealing with ethical issues, given it merely provides exclusive rights for certain conduct and disseminates information, but does not regulate that conduct. Nevertheless, patents for certain activities, such as murder, can be excluded where it is clear Australian society would never condone that conduct. It is far more appropriate for other legislation, such as criminal law, to regulate conduct and deal with ethical issues.

### **Question 4**

The ethical consequences of imposing limits on patentable subject matter are significant if innovation in areas that would benefit society is discouraged. The ethical consequences of removing limits may be relatively minor as conduct in relation to that subject matter may be regulated by other legislation. Any adjustment of patent law would not preclude any form of conduct in relation to that subject matter. It is also noted that in situations where it is determined that a patent is restricting or preventing access to a product or process that cannot be tolerated by Australian society, then the Government can certainly avail itself of the Crown use provisions in the *Patents Act 1990* to provide access.

### **Question 5**

No.

### **Question 6**

The content and structure of current Australian law on patentable subject matter is meeting the objectives of the patent system and is sufficiently clear for decision makers. It does not cause any significant problems in practice.

The inherent flexibility of the current Australian law allows it to be readily adapted to accept future innovations in areas which currently cannot be contemplated. The law avoids complications that can arise with a proscriptive test<sup>4</sup>.

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<sup>4</sup> The European experience is a good example. The complications and confusion that has arisen over the interpretation of Articles 52 and 53 of the European Patent Convention, and the equivalent provisions in the UK, has seen the UK Intellectual Property Office exclude an entire class of subject matter from protection on 2 November 2006, only to have to overturn its practice 15 months later on 7 February 2008.

## Question 7

There are no issues with current Australian law that give rise to any significant problems that require legislative change.

Archaic language is used solely to invoke the significant body of case law that has developed on the principles of patentable subject matter in Australia. The high regard in which these principles are held is one of the reasons why all preceding reviews<sup>5</sup> have recommended that no change be made.

Legislative change in the past, instead of assisting, has introduced unnecessary anomalies. For example, the dual reference to s.6 of the Statute of Monopolies in s.18 and the definition of "invention" in Schedule 1 of the *Patents Act 1990* led to the introduction of the "threshold of inventiveness" test<sup>6</sup>. Another example is the distinction between ss.18 (2) and (3) which is illogical. There does not appear to be a sound justification for why a holder of Plant Breeders Rights should be allowed standard patent protection but denied innovation patent protection.

## Question 8

We consider it important to achieve best practice. If it is considered that harmonisation is desirable, then our current law on patentable subject matter is closer to that of the US than Europe. Yet, it is considered that legislative change is not warranted to align ourselves more closely with US law.

The practice in Europe is certainly to be avoided. The proscriptive approach in Europe has led to considerable uncertainty regarding interpretation of the European Patent Convention provisions and this is not only detrimental to industry, but has also given rise to criticism between decision makers<sup>7</sup>.

## Question 9

Current Australian law is compliant with our international obligations, provided:

- (i) The exclusions in ss.18(3) and (4) of the Act are not considered to breach Article 17.9 of the AUSFTA because patent protection is available by way of a standard patent; and
- (ii) The exclusion in ss.50(1)(b) is not considered to breach Article 27 of TRIPS or Article 17.9 of the AUSFTA because "a mere mixture" could never be considered

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<sup>5</sup> *Supra*, n.2

<sup>6</sup> It is unlikely this was intended, but it is not a significant issue in practice. *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (No. 2), [2007] HCA 21, has in any event probably caused the demise of this test. If not, it may be dealt with by removing the definition of "invention" in Schedule 1, and then relying solely on s.18 to define invention for the purposes of the Act.

<sup>7</sup> "The decisions of the EPO Boards of Appeal are mutually contradictory" and its approach in two decisions "is simply not intellectually honest", *Aerotel/Macrossan* [2006] EWCA CW 1371, paras 25 and 27, UK Court of Appeal, 2006. The UK Court of Appeal approach "is not consistent with a good-faith interpretation of the European Patent Convention", *Dunns Licensing Associates, L.P.*, T 0154/04, Board of Appeals of the European Patent Office, 2007.

"new". This is highly questionable, and it may be best to remove this provision to ensure compliance.

#### **Question 10**

The subject matters that should be inherently patentable are any product or process that belongs to a useful art<sup>8</sup>. This would comply with Australia's international obligations.

#### **Question 11**

The current legislative structure is appropriate, and no other foreign structure is preferred. Statutory provisions excluding specific subject matters should not be used. *NRDC* expressly condemned such an approach, and the experience in Europe provides evidence of the inherent difficulties and uncertainty that can result when such an approach is adopted. Any such provisions should not be expanded.

#### **Question 12**

No.

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<sup>8</sup> *NRDC* at 275. The US Constitution, Art. I, s.8, cl.8, refers to promotion of "the Progress of Science and useful Arts".