

19 September 2008

Brendan Bourke
Secretariat
Advisory Council on Intellectual Property
PO Box 200
WODEN ACT 2606

Dear Mr Bourke,

ACIP Review of Patentable Subject Matter

I offer five brief comments in response to the Issues Paper.

Inherent patentability

In Australian patent law the broad effect of the ‘manner of manufacture test’ is well understood to demarcate the criteria for the potential operation of patent law. That criteria, broadly stated, requires some human stipulation of physical elements which, when taken together, entail functionality. In the hands of the courts in Australia – in particular the *NRDC* and *Grant* cases – it has been cogently applied in ways which offer a great deal of predictive certainty. Because it provides such a broad, clear and neutral rule, it should not be lightly displaced or amended. Its breadth requires judges to focus on the more objective merit criteria of novelty and inventive step, rather than becoming bogged down in abstract concepts of inherent patentability.¹ Moreover, it is unclear whether judges are best equipped to determine those activities (or indeed industries) that should receive the possibility of patent incentive and those which should not.

Threshold merit

Because the manner of new manufacture concept historically entailed all criteria for patent protection, the extent to which it entails a residual ‘merit’ role in modern legislation (where much of those criteria are expressly specified) has been a matter of controversy since the cases of *Philips v Mirabella* and *Ramset*. In *Lockwood* (2007) the High Court has explained with some clarity how this residual role applies as a narrow rule: a patent application may be refused where

¹ *Biogen v Medeva* [1997] RPC 1 (Hoffmann LJ at page 41).

a specification ‘on its face’ discloses a lack of any newness or inventiveness in what is claimed.² Preserving this limited merit role seems neither controversial nor undesirable.

‘Not generally inconvenient’

The historical role of the condition ‘not generally inconvenient’ within section six of the Statute of Monopolies 1624 is not well understood. While modern patent law text books recognise the possibility of a patent claim being found to be invalid on the ground of general inconvenience alone, such outcomes in practice appear to be very rare. Even taking into account method of medical treatment cases, there appears few cases in Anglo-Australian patent law that have relied solely on ‘general inconvenience’ to invalidate an otherwise valid patent claim. General inconvenience has been sometimes used to provide collateral support for outcomes decided on some other ground. For example, in *Roll’s Royce’s Application* it was put as an additional reason for the finding that a noise-reducing method of operating a jet engine was unpatentable.³ In his decision in *Welcome Real-Time SA*, Heerey J rejected general inconvenience as a stand-alone ground of invalidity, stating that if an invention otherwise satisfies the requirements of patentability – such as novelty, inventive step and utility: ‘It can hardly be a complaint that others in the relevant field will be restricted in their trade because they cannot lawfully infringe the patent. The whole purpose of patent law is the granting of monopoly’.⁴ Heerey J’s approach is entirely consistent with the intended effect of the ‘not generally inconvenient’ stipulation as a matter of legal history. As originally conceived, the expression ‘not generally inconvenient’ simply highlighted the consequence that grants for well-known products or well-known trades wrongly restrained those already engaged in hitherto lawful activities. This does not mean that modern Australian patent law can not imbue the term ‘not generally inconvenient’ with public policy operation consistent with the scope of TRIPs article 27. All it is to say is that it is wrong to characterise so doing as an application of the term’s understood and intended operation in the 1624 legislation.⁵

Explicit exclusions from inherent patentability

I have recently written a note on the European situation where, under the European Patent Convention an enumerated list of exclusions has yielded obscure legal rules concerning the scope of the patent system.⁶ In my opinion that approach can not be credibly commended for replication in Australian law.

² See to similar effect: David J. Brennan and Andrew F. Christie, “Patent Claims for Analogous Use on the Face of the Specification” (1997) 25 *Federal Law Review* 237.

³ [1963] RPC 251.

⁴ (2001) 51 IPR 327, 354.

⁵ See generally: David J Brennan, “An Essay on the Eligibility of Business Methods for Australian Patent Protection” (2003) 13 *Journal of Law and Information Science* 8.

⁶ David J Brennan, “The Trouble with Legislating Exclusions from the Concept of Invention” (2008) 19 *Australian Intellectual Property Journal* 6.

Moral concerns

At present the section 18(2) exclusion in our current Act provides the sole example of moral concerns being explicitly reflected in confining the scope of possible patent protection.⁷ The 18(2) exclusion from inherent patentability in Australia sits oddly in an environment where a conscience vote in the Commonwealth Parliament (following the Lockhart Review) yielded a regulatory solution to the issue of embryonic stem cell research. What role has the patent system in denying the possibility of patent protection for the fruits of research conducted lawfully in such areas? In my view Australian patent law should not be denying patent protection (by article 18(2) or otherwise) in relation to such research which is lawfully conducted.⁸

To the extent an exclusion from patentability is required for public policy reasons it seems to me that one can be simply stated. Such an exclusion would relate to inventions that are necessarily the result of research that must have been conducted unlawfully in light of Australian public law, or if such research had been conducted within Australia it, would have been similarly unlawful. It seems that such an exception from patentability (coupled with the existing discretion found in section 50(1)(a)) provides a coherent system to prevent the Australian patent system from being brought into disrepute.

The role of the patent system should be to provide incentives for the conduct of lawful research. It is for the patent system to provide this role in a neutral way without making vague policy judgments about matters better left to other areas of law.

I hope that this submission is of assistance to your review.

Yours sincerely,



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⁷ The European paradigm provides many more examples of moral concerns being expressed to confine the scope of possible patent protection: see European Patent Convention 2000 article 53 and the 1998 European Union Biotechnology Directive, articles 4-6, and the on-going opposition in *WARF/Stem cells* T1374/04 [2006] EPOR 31 matter.

⁸ Reliance upon section 18(2) to reject a patent application for embryonic stem cell research can be seen in *Woo-Suk Hwang* [2004] APO 24.