Introduction
This submission is made by the Australian national group of AIPPI (AIPPI Australia) in response to IP Australia's July 2013 consultation paper titled 'Patentable Subject Matter: Consultation on an Objects Clause and an Exclusion from Patentability' (Consultation Paper).

About AIPPI and AIPPI Australia
The International Association for the Protection of Intellectual Property, generally known by its French acronym AIPPI, is one of the world's leading international organisations dedicated to the development and improvement of the regimes for the protection of intellectual property.

Established in 1897, AIPPI is a politically neutral, non-profit organisation. It is domiciled in Switzerland and currently has almost 9000 members representing more than 100 countries. The members of AIPPI are people who are actively interested in intellectual property protection on a national or international level. They include lawyers, patent attorneys, trademark agents, judges, academics, scientists and engineers. The members of AIPPI are organised into national groups, with the Australian national group having over 100 members.

The objective of AIPPI is to improve and promote the protection of intellectual property on both an international and national basis. It pursues this objective by working for the development, expansion and improvement of international and regional treaties and agreements and also of national laws relating to intellectual property.

AIPPI operates by conducting studies of existing national laws and proposing measures to achieve harmonisation of these laws on an international basis. Proposals generally take the form of resolutions on particular topics that are debated and passed in plenary sessions by members at annual meetings. AIPPI has published over 700 resolutions, which are published in English, French and German and supplied to the World Intellectual Property Organisation, the World Trade Organisation and national and regional intellectual property offices around the world.

While this submission is consistent with the resolutions passed by AIPPI at an international level, it is made by AIPPI Australia, and not on behalf of the international organisation.

We would be pleased to respond to any inquiry by IP Australia concerning this submission.
Question 1 (objects clause)

We query the necessity for an objects clause in the Patents Act 1990 (Cth) (Patents Act) at all. The modern policy basis for the patent system is well-established. It is founded on the long history of patents for inventions as a facet of the English legal system since the Statute of Monopolies 1623, and domestically at a Federal level since the Patents Act 1903 (Cth). While individual aspects of patent law should be, and are, regularly reviewed and amended, today the premise and value of a patents system per se is not seriously questioned.

In view of that extensive history, the addition of an objects clause to the Patents Act would, in our view, at best be a waste of time, and at worst lead to confusion. We consider the proposal to do so is a solution looking for a problem. The comment which follows are subject to the caveat of our primary position being that an objects clause is undesirable.

If an objects clause were necessary, we would not support one that refers, as in both Options 1 and 2, to 'the competing interests' of the various stakeholders identified.

It is true that the rights of a patentee may, during the period in which those rights exist, be in conflict with the rights of those who would wish to use the invention free of any obligation to the patentee or other rights holder. However, the underlying common interest of the society of which both form a part is in the fostering of innovation.

For that reason, we would prefer (if necessary) a modified Option 2. The modification is the deletion of the words 'and by balancing the competing interests of patent applicants and patent owners, the users of technology, and Australian society as a whole', so as to read:

The purpose of the patent system is to provide an environment that enhances the well-being of Australians by promoting innovation and the dissemination of technology.

If a reference to such 'competing interests' were, notwithstanding the points above, to be included along the lines of existing Option 2, we query what purpose is served by distinguishing between patent applicants and patent owners, without elaboration. If it is to recognise that their respective interests might diverge, then the objects clause ought also recognise others with a relevant interest, in particular licensees. The broader term of Option 1, 'patent rights holders', appropriate covers those with a relevant interest.

We agree that an objects clause, if necessary, should be technology-neutral. AIPPI's resolutions have consistently reflected that principle, either expressly or impliedly.

Questions 2 and 3 (patentability exclusion)

As a preliminary matter, we query the motivation for the proposed patentability exclusion for 'wholly offensive' subject matter.

Of the three reports into patentable subject matter that the Consultation Paper cites as background to the present consultation, two concerned the patenting of isolated gene sequences: the Australian Law Reform Commission 2004 'Genes and Ingenuity' report, and the Senate Community Affairs Committee's 2010 'Gene Patents' report. The patenting of isolated gene sequences has also recently been raised in the Myriad decisions in Australia (including in the pending Full Federal Court appeal) and the United States.
In its November 2011 response to the ALRC and Senate Community Affairs Committee reports, however, the Federal Government confirmed that it did not support an absolute prohibition on the patenting of isolated gene sequences. We are not aware of any other category of patentable subject matter that could be said to be the subject of any controversy as to whether it might be 'wholly offensive'. While the proposed 'wholly offensive' exclusion is ostensibly put forward as a 'replacement' for s 50(1)(a) of the Patents Act (which it is not – it is broader) on the ground of achieving technical compliance with TRIPS, it otherwise does not address an issue that has actually materialised.

That being so, we query whether the proposal to add a 'wholly offensive' exclusion from patentability is really a further, but less precise, effort to ban the patenting of isolated gene sequences by another route.

Turning to the substance of the issue, we make three points.

1. The proposed form of the exclusion ('inventions the commercial exploitation of which would be wholly offensive to the ordinary reasonable and fully informed member of the Australian public') is, in our view, inherently imprecise and incapable of objective interpretation. If implemented, it would be highly likely to result only in substantial confusion, delay and expense in the Australian Patent Office and in the courts.

Of the three per se categories of subject matter excluded from patentability under the Patents Act as it stands, only that described in s 18(2) has any ethical basis. That exclusion is nonetheless expressed in relation to specific subject matter ('human beings and the biological processes for their generation') in an objective way, such that it is capable of consistent judicial interpretation. An exclusion for subject matter the commercial exploitation of which is 'wholly offensive', which necessarily involves a subjective, moral judgment, is not.

Likewise, when it comes to the moral questions that would be raised by 'wholly offensive' concept, who is the 'ordinary reasonable and fully informed member of the Australian public'? We acknowledge that the concept of the 'reasonable person' is well-known in the common law. But in tort law, for instance, the question usually asked is what the reasonable person would have perceived, or understood, or expected in the particular circumstances. That question is capable of a relatively objective analysis.

The reasonable person is not, however, asked to make moral judgments. Further, there is no case law to guide the courts as to the determination of who the 'fully informed member of the Australian public' will be or about what such member is 'fully informed'.

The Consultation Paper notes that IP Australia examiners are poorly placed to make these decisions. We agree. The ability of the Commissioner to seek advice would not, however, ameliorate that difficulty. The concept would require the Commissioner to identify a person who is familiar with the arguments both for and against the exercise of the exclusionary power in the particular case and is capable of making an objective judgment. It would thus itself require the Commissioner to make a moral judgment as to who is qualified to give the advice. In giving it, the selected person’s perceived objectivity would (understandably, but inevitably) be clouded or affected by factors including age, ethnicity, gender, cultural background, religious beliefs (or the absence of them), sexuality, political persuasion, and so on.
Inevitably, patent applications refused on the 'wholly offensive' ground would be appealed to the Federal Court, which would simply raise the question of how the Court would hear evidence and rule on these topics.

Using a patent for an isolated gene sequence as an example, if the patent were challenged on the proposed 'wholly offensive' ground, what would be the views of the 'ordinary reasonable and fully informed member of the Australian public' on that topic? With whom could the Commissioner consult who could give an opinion on the views of such a person?

For these reasons, we consider the proposal is not only practically unworkable, but risks opening up an avenue for the arbitrary (if not ill-intentioned) exercise of power based on necessarily subjective criteria.

2. The exclusion is formulated such that the question to be considered is whether the commercial exploitation of the invention would be 'wholly offensive', not the granting of a patent for that invention. If formulating an exclusion from patentability, that is simply the wrong question. The Patents Act is not concerned with regulating the exploitation of inventions.\(^1\) Rather, it is concerned only with whether an invention deserves the grant of a patent.\(^2\)

Any number of inventions that are capable of acceptable uses could also be commercially exploited in a way that (subject to the inherent ambiguity of the term discussed above) would be 'wholly offensive'. The proper way to prevent 'wholly offensive' uses of inventions (or indeed any socially undesirable activities) is by enacting laws prohibiting those things from being done. The question to be addressed by the Commissioner is instead whether the patent applicant should be entitled to exclude others from using the invention.

3. If it is necessary to have an exclusion (and we strongly disagree that it is), language that has given rise to jurisprudence in other jurisdictions, and preferably the language of TRIPS (ordre public), is preferable. We do not agree that the fact the term is not an English one is any bar to its use, particularly if there is a body of jurisprudence on which to draw to aid interpretation.

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\(^1\) Sections 144 and 145 regulate the exercise of the patentee's rights insofar as they affect market competition. They do not regulate the exploitation of the underlying invention.

\(^2\) Needless to say, the Patents Act also deals with other matters, such as the establishment of the Patents Register, the powers of the Commissioner, and the regulation of the patent attorney profession, but those do not affect the present point.