5 September 2015

By email only
consultation@ipaustralia.gov.au

The Commissioner of Patents
PO Box 200
WODEN ACT 2606

Attention: Paul Gardner and Brett Massey

Re: Exposure drafts of the Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2018 and Explanatory Memorandum to the Amendment Bill

Dear Paul and Brett,

FICPI Australia welcomes the opportunity to review and comment upon the exposure draft of the Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2018 which was made available for review and comment by IP Australia on 24 July 2018.

We thank IP Australia for providing us with a short extension of time in which to make this submission.

About FICPI Australia

As you will be aware, FICPI Australia is an organisation whose members are all registered Patent Attorneys, Trade Marks Attorneys, or registered Patent and Trade Marks Attorneys who have senior roles in IP firms conducting business in Australia and represent both Australian and overseas based clients. As a result FICPI Australia members have significant experience and expertise in the practical operation of Australia’s IP legislation, and the impact it has on users of the system whether located in Australia or elsewhere.

Response

You will also be aware that FICPI Australia has made previous submissions in relation to the policy proposals that are embodied in the current Bill and we have previously expressed our strong concerns regarding the proposals to change the inventive step test, introduce an objects clause and eliminate the innovation patent system. Our views on these points have not changed and as such we urge IP Australia and the Government of the day to reconsider these proposed changes before damaging amendments to our IP legislation are made.

We believe that the proposed Bill, if enacted, will create uncertainty for innovators and those who invest in innovative enterprises and further damage what is an already weak innovation ecosystem in Australia. If anything we submit that Government should at this time be fostering, promoting and incentivising innovation in Australia rather than creating uncertainty and making it more difficult to secure robust patent protection. It is R&D and innovation that will power the Australian economy in the future and we cannot afford as a nation to fall further behind other innovation based economies due to an unnecessarily stringent regime for
securing patent protection as reward for innovation, and the uncertainty for investors that would follow.

We therefore wish to re-iterate as follows:

(a) there should not be any change to the inventive step test at this time;

(b) there is no need to introduce an objects statement, but if an objects statement is introduced it should not include the term “technological”; and

(c) while changes to the innovation patent system may be justified, the system as a whole should not be eliminated.

**Inventive step**

It is the submission of FICPI Australia that the policy recommendation of the Productivity Commission (PC) to amend the inventive step requirement is based upon a false premise. As you are very well aware, significant changes to the inventive step requirement were made through the Raising the Bar Act. With respect to the PC, it made the recommendation to further amend the inventive step requirement based upon the assessment that the pre-raising the bar inventive step law in Australia was unduly lenient, that as a result unduly broad patent claims were likely to be granted in Australia, and that Australia was out of step with trading partners such as the USA and Europe in this regard.

While FICPI Australia acknowledges that the Australian inventive step law was out of step with the law in other major patent granting jurisdictions, we believe that these issues have been addressed by the Raising the Bar Act. In view of the short time since implementation of the Raising the Bar Act, and the fact there has not been any significant litigation on the issue of inventive step for post-raising the bar patents, it is premature to make further legislative change. We submit that the issue should be considered again in two or three years from now to determine what effect on inventive step the Raising the Bar Act has been. Only after this rational and evidenced based approach should further legislative change be considered, if it is then demonstrated that unduly broad patent claims are routinely being granted and upheld by the courts under the Raising the Bar Act regime.

Introducing changes to the law on inventive step at this time is not only in our view unnecessary but has a high likelihood of raising the requirement for inventive step beyond that of Europe (as a result of combining the proposed new European problem-solution inventive step approach with our existing jurisprudence). Unquestionably the proposed changes in the Bill will move the Australian inventive step law further away from the approach of the USA, with which our law is currently most closely aligned. The outcome of all of this is that it will be more difficult to secure valid and enforceable patent protection in Australia in respect of genuine inventions than it will be in other jurisdictions. This will put Australian innovators at a disadvantage and is likely to lead to a further exodus of innovative businesses to other more innovation supportive jurisdictions.

A further reason for delaying consideration for the need for amendments to the law of inventive step is that we already have four different legislative regimes in terms of inventive step under which existing Australian patents exist. Introducing a new category of patents subject to a different inventive step law should be resisted due to the increased complexity of the system, unless there is a clear evidence based need for change, which we submit has not been demonstrated. As complexity of the system increases, so does uncertainty and cost for users of the system. Increased uncertainty and cost are the antithesis of what is required for an efficient innovation based economy.

**Objects clause**

The proposed introduction of an objects clause will not offer any tangible benefit to users of the patent system or the general public. Although it is stated that an objects clause will not be used to inform judicial decision making, we do not see (a) what purpose the objects clause can usefully serve if it does not inform the interpretation of the Patents Act.
generally; and (b) how the judiciary can be compelled not to use the objects clause to inform their decision making, once such a clause has been introduced.

One of the great strengths of the Australian patent system, which has provided a significant advantage for Australia in comparison to the difficulties encountered at least in Europe in relation to considerations of patentable subject matter, has been the Australian manner of manufacture requirement and the NRDC vendible product test. This approach to patentable subject matter considerations has ensured that our patent system retains the flexibility to quickly respond, without the need for legislative change, to the challenges of new technologies.

FICPI Australia is concerned that the case for the introduction of an objects clause has not been made and that the significant risk that arises with the introduction of an objects clause is the unexpected effect that new technologies that are not yet dreamed of, which are important to the advancement of humankind and economic wellbeing, will be deemed unpatentable. We should therefore resist the proposal to further codify and limit our law in ways that may not currently be intended, but which could have a very significant future impact. A classic example of this problem was the codification of exemptions to patent protection in the European Patent Convention which led to years of problems in relation to the protection of human therapies, and which ultimately led to the need to create the artificial “Swiss-type” patent claim as a means of circumventing the problem. This problem was not encountered in Australia because of the flexibility of our manner of manufacture law. Let’s not give rise to future such problems in Australia as a result of the unnecessary introduction of an objects clause.

In the unfortunate event that our submissions on this point are not followed we strongly urge IP Australia and the Government not to include the term “technological” within the objects clause. In our opinion the use of this term is unnecessarily limiting and dramatically increases the risk that future innovation, that meets the requirement of our manner of manufacture test and is of value to humankind and to the Australian economy, will be excluded from patent protection.

**Innovation patent**

We reiterate our previous submissions that the innovation patent serves a useful function to incentivise lower tier innovation, particularly that which is significant for Australian SME businesses. Nonetheless, we acknowledge problems associated with the current innovation patent system (incidentally as a result of submissions by the profession at the time of introduction of the innovation patent system not being followed) in that (a) there is not a requirement for substantive examination before grant and therefore there is uncertainty for the public; and (b) because the enforcement rights available to innovation patentees are too strong. Nonetheless we submit that these issues can readily be addressed by way of legislative amendment to result in an innovation patent system that serves the purposes of innovators, the general public and the Australian economy. It is not necessary or appropriate to do away with the innovation patent system altogether.

Please let us know if you have any questions or require clarification in relation to these submissions.

Yours faithfully,

[Signature]

Secretary
On behalf of FICPI Australia