

Select Committee reports on new Patents Bill in New Zealand

The Commerce Select Committee has finally made their report and recommendations on the current Patents Bill in New Zealand. The new Bill proposes to "align the criteria for granting a patent with international practice" and replace the existing Patents Act of 1953. The Bill is an important step to introducing a new patents act in New Zealand.

The Committee recommends keeping many features of the Bill and many changes to the Bill. The brief highlights are:

- excluding the ability to patent computer programs
- confirms non-protection of methods of treatment of human beings
- confirms introducing request for examination
- absolute novelty standard
- examination for inventive step and usefulness as well as novelty
- increase in existing fees and introduction of new ones
- re-examination of accepted patents
- retention of pregrant opposition
- revocation before the Commissioner and the Court

Exclusions to what is patentable

Perhaps the most controversial amendment to the Bill is the exclusion of computer programs from the protection of patents. Submissions from the open source software movement strongly influenced the Committee and the report specifically comments that patent protection of software is inconsistent with the open source model. In particular, the Report states:

[Many] ‘...submitters argue that there is no “inventive step” in software development as “new” software invariably builds on existing software. [The Committee] felt that computer software should be excluded from patent protection as software patents can stifle innovation and competition, and can be granted for trivial or existing techniques. In general, [the Committee] accept this position.”

It is not clear why the Committee gave the open source Community submissions such weight. To argue that software is unpatentable because it builds on existing software seems unusual given nearly every invention builds on what others did before. As many innovators realise, one object of the patent system is to promote publishing of inventions. Then others have the opportunity to learn and develop from those inventions and improve our standard of living.

The fact the Patent Office previously granted patents for non-meritorious inventions is not surprising. Historically examiners have only been able to rely on publications in New Zealand for novelty of the application. The Patent Office did not consider the ground of inventive step in examination. However, this is the case for all forms of technology in New Zealand, not just software, under the existing Act.

The previous version of the Bill addressed these failings by introducing absolute novelty, examination for inventive step and no longer giving applicants the benefit of the doubt. It is not clear why the Committee put in an exclusion of software or why the Committee treated software differently to other forms of technology. This is in clear conflict with the review performed earlier in 2005.

The Committee went on to favour patents directed to “embedded software”, but have, unsurprisingly, declined to provide a distinction between embedded and other types of software. This is despite, as pointed out by the Committee, such a distinction has not worked in the past in other jurisdictions and has led to decisions based on contrived reasoning.

Consider for example software for controlling fuel injection in a car that increases performance and efficiency. While providing an improved car, the only real distinction over earlier arrangements is the software. Under the proposed changes the software may only be protectable when installed into a car but possibly not.

While this may not seem significant, consider the possibility of the software being communicated wirelessly and automatically installed as an upgrade to a car. Will the innovator that initially developed the software, have to try to recoup their development costs from private car owners since only they will infringe any patent? What if the copy is sent from overseas? It is difficult to see how this would benefit a New Zealand inventor.

Unfortunately, without having an insight into how Government will interpret the recommendation it is difficult to know whether the proposed exclusion will have a significant effect. Will the Patent Office just exclude claims specifically to software or will examiners dig deeper and exclude inventions that could possibly use or embody software?

In the short-term the Government may see this exclusion as helpful to our economy. However, New Zealand is a net importer of technology. Therefore we should not ignore the impact of this exclusion on trade negotiations and wider relations with our major trading partners, such as USA, Europe, Japan and Australia.

The Committee also based exclusions on what is patentable on Part 6 of European Biotechnology Directive. The Bill keeps the exclusion on methods of medical treatment.

Examination, re-examination, pregrant opposition and revocation

The report proposes that applicants must now ask for examination of a patent. It is unlikely the Patent Office will miss the chance to charge a fee when the applicant asks for examination. The reasoning behind making the applicant start examination is to reduce the load on examiners of patents where there is no intent of the applicant to continue. The examination level increases under the Bill to include usefulness and inventive step and novelty, which is now absolute also.

The Bill if passed as the new act will also set up a Maori Advisory Committee (“MAC”) to advise on whether inventions come from indigenous knowledge and whether exploitation is contrary to Maori values. The MAC report does not bind the Commissioner, but it is unclear what the effects will be if the Commissioner decides to follow a recommendation against the patentability of an invention. A MAC is not new, as the Trade Marks Act 2002 provides for one also.

Because of increased use of on-line filing, the Bill removes strict compliance with use of exact forms, especially as there may not be an exact online replica of the paper form.

The Bill keeps pregrant opposition before the Commissioner in an adjusted form and introduces re-examination to New Zealand patent law for accepted patents. Also introduced is revocation before the Commissioner during the life of the patent. Previously this was the sole jurisdiction of the Court.

The Commissioner will now be able to refuse a request for revocation or re-examination if the applicant raises substantially the same grounds as they raised earlier before the Commissioner or Court. For example if the applicant raised the same grounds from the pregrant opposition, re-examination or revocation proceedings. However, this is unlikely to prevent the Court from hearing an application for revocation.

The Bill also recommends incentives for parties who successfully quash a patent. The exact form of this is still under consideration.

The Bill makes the grounds for pregrant opposition, re-examination and revocation all consistent with one another.

Fees and costs

One focus of the Bill is to allow the Patent Office to meet the cost of increasing standards, with as little financial support as possible from the Government. Given this, and the increased examination level, it is fair to assume the Patent Office will introduce new fees and increase existing ones. For example, the Bill recommends introducing maintenance fees during the application stage.

Miscellaneous

The Bill changes the criteria for fair basis for the claims to one that requires support for the claims from the detailed description. This is similar to the United Kingdom Patents Act 1977.

The Bill incorporates the Protocol Amending the TRIPS Agreement, to carry out the Doha Declaration on the TRIPS Agreement and Public Health. This provides a compulsory licence of a patent, if necessary, to control diseases of public health importance in developing countries.

Also the Committee removed patent attorney registration from the Bill and that is now the subject of a separate Bill.

Select Committee Report

The Commerce Select Committee tabled their report on 30 March 2010. The Government first introduced the Bill on 9 July 2008. The report released by the Committee recommends the Government pass the Patents Bill with these and other suggested amendments.

The next stage

The Bill is not necessarily the final form that Government will pass as law. There is still room to change the Bill as there are further two readings and another Committee stage before the Governor-General can give assent to pass the Bill as law. If passed into law the Patents Bill will replace the existing Patents Act of 1953 in New Zealand.

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