

NEW ZEALAND

Legislative Change

In March this year the Ministry of Economic Development issued a discussion document entitled "*Boundaries to Patentability*" directed to the substantive amendments to the Patents legislation, as a second stage in its review of the Patents Act. The New Zealand Institute of Patent Attorneys (NZIPA) filed detailed submissions in response to this document. The key features of the discussion document and the NZIPA submissions are discussed below.

In respect of the definition of invention, the discussion document suggested the following options:

- (i) retain the present definition ("manner of new manufacture");
- (ii) retain the present definition, but with specific exclusions;
- (iii) no definition, criteria for patentability instead (ie novelty, inventive step industrial applicability ie the European approach);
- (iv) retain the present definition with the additional criteria of novelty, inventive step and industrial applicability;
- (v) replace the current definition with some other definition.

The NZIPA supports option (iii), but acknowledges that in view of the major developments in the fields of biotechnology and genetic modification that have occurred in recent years, it may be appropriate to include one exclusion, namely for human beings and the biological processes for their generation.

Option (iii) was perceived to be advantageous in that it is not restricted by present case law and practice, and therefore may enable patenting of "inventions" not considered patentable under the present definition, for example methods for the medical treatment of human beings. If this option were to be adopted, case law and precedent material available from the UK, the EPO and European countries could be useful in New Zealand. Further, this approach is consistent with Article 27 of the WTO TRIPS agreement to which New Zealand is a party.

A further issue in the discussion document was whether the Commissioner's present power to refuse to grant patents for inventions whose use would be "contrary to morality" should be retained. NZIPA submitted that the commissioner should not have this power. It considers that questions of morality are largely subjective and the Commissioner of Patents should not be required to be a guardian of morality.

The discussion document further sought submissions in response to the concerns of Maori, in particular with regard to biotechnology and the patenting of life forms as well as in relation to the protection of traditional knowledge, culture, customs and beliefs. The issues involved are complex, and the present time constraints prohibit discussion of these issues.

Business Methods and Software

Submissions regarding the patentability of business methods and software were also sought by the discussion document. The NZIPA submitted that business methods and software should not be considered inherently unpatentable, and should be subjected to the same general criteria that the invention must be new, non-obvious and useful in a practical or commercial sense, as is the case for other subject-matter.

With regard to the present law, it is not entirely clear whether business method and software patents are patentable in New Zealand, as the Courts have not considered these issues.

However on the basis of the principles in *NRDC's Application* [1961] RPC 134, namely that for a process to be patentable it must:

- (i) offer some advantage which is material in the sense that the process belongs to a useful art as distinct from a fine art - that its value to the country is in the field of economic endeavour; and
- (ii) have a mode or manner of achieving an end result which is an artificially created state of affairs

IPONZ allows claims to this subject matter. The *NRDC* case would also be persuasive should the issue of patentability of business methods or software come before the courts

With regard to the proposed law reform The NZIPA's view is that any move to reduce the presently allowed subject matter is undesirable as this would cause confusion and result in New Zealand being out of step with Australia and the USA. In this regard it is noted that software patents have been considered patentable by IPONZ since 1993 and this has not caused any problems for the industry in New Zealand.

However, as in the case of all emerging technology, patent databases may not effectively reflect the state of the art. Thus for Examiners to conduct a meaningful investigation for novelty and inventive step Examiners will need to search reference sources other than patent databases solely.

Case Law

In August 2002 the High Court was asked to consider the issue of the patentability of methods for the medical treatment of human beings, in the case *Pfizer v Commissioner of Patents*. This case was an appeal from a Commissioner's decision refusing claims to such methods. The Court delivered its judgment on 30 August 2002, and refused to allow such claims. In particular, the Court declined to interpret comments made in *Pharmac v the Commissioner of Patents* (which held Swiss-type claims are patentable under New Zealand law) as overturning *Wellcome v Commissioner of Patents*, an earlier Court of Appeal decision holding that methods for the medical treatment of human beings are not patentable under New Zealand law.

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