



**THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS  
FICPI AUSTRALIA**

21 July 2010

The Hon. Simon Power, M.P.  
Minister of Commerce  
Parliament Buildings  
Wellington  
NEW ZEALAND

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Dear Minister

**Review of the New Zealand Patent Law**

We refer to the Government's review of the New Zealand Patent Law and the efforts made to bring the law into conformity with the law in major industrial regions of the world.

FICPI Australia is an Australian association of an International parent group. Membership of FICPI requires a person to meet very high professional standards in that they must have worked in the intellectual property area for extended time and be known to have high professional competence. In addition, members of FICPI Australia, in general, work in private practice in the "free profession" and most are registered as patent attorneys in New Zealand. "Free profession" means that the members are not employed by a single employer and in general can be categorised as being partners of their own attorney firm. In other words, members of FICPI represent many clients and are distinguished from attorneys who are employed, for example, by a corporate entity and who work for that entity as a single client. Thus, FICPI members see many different clients and are exposed to difficulties of interpreting and enforcing the Intellectual Property laws in Australia and New Zealand and also in foreign countries, particularly in the major industrial regions of the world.

FICPI's activities include liaising with Government officials in the Intellectual Property areas of most countries, and with officials in Intellectual Property Offices such as WIPO. FICPI makes representation to those officials in relation to problems with current law, and perceived problems in relation to introduction of new law, and the interpretation of that law by patent offices and/or courts. FICPI Australia supports FICPI in its activities and also undertakes similar representation with the relevant Intellectual Property officials in Australia and New Zealand.

We have had an opportunity to consider the submissions made by the Institute of Patent and Trade Mark Attorneys of Australia (IPTA) regarding the proposed exclusion of computer software from patent protection in New Zealand. We support IPTA's position on this issue.

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The proposed amendment to the patent law under Clause 15 (3A) of the Draft Bill is of serious concern having regard to the development of the law in other jurisdictions addressing what constitutes proper subject matter for patent protection. In particular, we consider the amendment to be out of conformity with Australian and USA law and the trending of decisions being made under the European Patent Convention (EPC). Certainly the law in Europe on this point has been in a state of turmoil in order to cope with serious complexity arising from interpreting the express exclusion of computer programs "as such" from patentable subject matter under the EPC.

In addition to the reasons submitted by IPTA, we have been advised by IP Australia that work is being undertaken by both IP Australia and the Intellectual Property Office of New Zealand (IPONZ) under the Trans – Tasman Mutual Recognition Arrangement (TTMRA) that will permit a single trade mark application to be filed constituting an application for protection in both countries. We also understand that a common application procedure for patents for both Australia and New Zealand is being explored. Already there exists mutual recognition of patent and trade mark attorney qualifications in both countries. Underlying these initiatives is a clear intention that our intellectual property laws be consistent and similar.

For the reasons outlined in the IPTA submission, the law on patenting software in Australia is not the same as the law in Europe, and in fact is more in line with the situation in the USA. This is considered to be positive for the software industry generally, where the USA is the world leader in software development. The law in Australia and USA is becoming well settled on the patentability of computer software. As in other countries, having laws providing for patent protection of computer related inventions that have no express exclusions to the patentability of computer programs, allows the law to develop in concert with the demands of the software industry. As evidenced in Australia and USA, this industry has developed and flourished strongly in those countries where protection is available for sophisticated software development.

As pointed out in the IPTA submission, Europe is still dealing with the consequences of excluding computer programs "as such" from the areas of patentable subject matter in 1977. The fact is that the exclusion has led to complex disputes and further delays within the EPO. The reasons for introducing the exclusion have not come to fruition.

We submit that an exclusion to computer programs from patent protection would serve the interests of only a small sector of the software industry concerned with developing "simple" software solutions, which in their context are not particularly "inventive". Aside from questioning whether this industry sector has a serious impact on economic growth, issues concerning the quantum of invention required for a patent to be granted are not addressed by placing a blanket ban on the patentability of the underlying subject matter of the invention. These issues are addressed in other areas of the law concerning "novelty" and "inventive step". Indeed, it may be necessary to start raising the bar, or perhaps more aptly, "applying" the existing tests more rigorously in relation to novelty and inventive step in order to prevent patents being granted for computer programs that are not sufficiently innovative to be deserving of patent protection.


More complex and arguably more valuable software solutions for the economy require a significant investment on behalf of developers, just like any other significant commercial development in other industries. These businesses should be entitled to secure strong intellectual property rights in the form of patents in order to obtain a return on that investment over time, if their software includes computer programs with the requisite "novelty" and "inventive step", just as businesses in other industries can.

The ingenuity and skill required to develop “novel” and “inventive” computer programs is no different to that required to develop other types of inventions, in a technical sense, such as in the mechanical or pharmaceutical industries. Whether a computer program is embedded or not should not make any difference on the question of patentability<sup>1</sup>.

In conclusion, we fully support the submissions made by IPTA regarding the proposed introduction of clause 15 (3A) into the New Zealand Patents Act. In addition, we submit that introducing an exclusion to computer programs is inconsistent with New Zealand’s commitment to TTMRA by bringing the law in New Zealand and Australia into sharp contrast on the patentability of computer programs, an issue where the laws of the two countries have been consistent for many years. Consequently, Australia will have an IP system that is more conducive to protecting computer programs. We consider that this will have adverse ramifications to the maintenance of a vibrant software industry in New Zealand.

In the circumstance, we request that the government reconsider this issue before the final passage of the Bill currently before the Parliament.

Yours faithfully



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FICPI Australia - Secretary

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<sup>1</sup> See the USA Federal Circuit decision in *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999), which concludes that drawing an artificial distinction based on whether or not software is “embedded” fails to address any substantive issues of whether the invention involves an inventive step or is of economic benefit.