

2 August 2019

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Building, Resources and Markets  
Ministry of Business, Innovation & Employment  
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**By email to:** [ip.policy@mbie.govt.nz](mailto:ip.policy@mbie.govt.nz)

Dear Sir/Madam

**Discussion Paper**  
**Intellectual Property Laws Amendment Bill**  
**Submissions by Fisher & Paykel Healthcare Limited**

1. This submission is made on behalf of Fisher & Paykel Healthcare Limited (“FPH”). I am the General Manager Intellectual Property of FPH.

**Summary**

2. FPH supports the introduction and passage of an Intellectual Property Laws Amendment Bill amending the Patents Act 2013 (“the 2013 Act”).
3. The 2013 Act has now been in force for almost five years, and there remains an urgent need for amendments to the transitional provisions to close a loophole which puts New Zealand-based manufacturers at a significant disadvantage to foreign competitors. MBIE’s proposal to subject all future divisional applications made under the Patents Act 1953 (“the 1953 Act”) to the stricter novelty, inventive step, and support requirements of the 2013 Act goes some way towards addressing this problem, giving patentees and the public alike greater certainty as to the validity of granted patents.
4. We urge MBIE to progress this proposed omnibus Bill without delay.

**Background**

5. FPH is a New Zealand-headquartered designer, manufacturer and marketer of products and systems for use in respiratory care, acute care, surgery and the treatment of obstructive sleep apnea, employing more than 2,400 people in New Zealand. Last year, FPH’s products were used in the treatment of an estimated 14 million patients in over 120 countries. Approximately 66% of FPH’s products are manufactured in New Zealand and exported around the world.
6. Around 9-10% of FPH’s revenue is invested in research and development annually. The intellectual property generated from this research and development is protected worldwide by way of patents, design registrations, and trade marks.

7. FPH's foreign-based competitors are also extensive users of the intellectual property system, and file a large number of patent applications in New Zealand. In the last five years alone FPH has been forced to oppose more than 50 such patent applications made under the 1953 Act in order for those applications to be examined for an inventive step, at significant cost.
8. Further, from 2016 to 2019 FPH was forced to defend itself in the High Court against allegations of infringement relating to five patents granted under the 1953 Act without any examination for inventive step. This presented a significant cost and distraction to FPH.
9. FPH therefore makes submissions on the Discussion Paper from the perspective of both a user of the patent, design and trade mark registration systems, and as an employer, manufacturer and exporter who is vulnerable to ambiguities and misuse of New Zealand's IP legislation.

## Patents Act 2013

### *Transitional Provisions of the Patents Act 2013 Relating to Divisional Patent Applications*

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*Question P1: Do you agree with the amendment to the transitional provisions of the Patents Act 2013 proposed by MBIE? If you do not agree, please explain why.*

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10. FPH's preference would be for all future patent applications divided from applications made under the 1953 Act to be treated as applications made under the 2013 Act. We consider that this is the most robust, unambiguous, and practical solution to the problem.
11. However, we agree that MBIE's proposal to instead merely examine 1953 Act applications according to the novelty, inventive step, and support criteria of the 2013 Act goes some way towards addressing the problems identified in the discussion paper and experienced by FPH as set out in the background section, above. Introduction of examination for inventive step is the utmost priority.
12. We are somewhat concerned that the proposed conflation of the 1953 Act with elements of the 2013 Act may have unforeseen consequences, and will require *extensive* careful amendments to the transitional provisions of the 2013 Act to avoid ambiguity. By way of example only, the amendments will at least need to be clear as to whether:
  - i) the stricter novelty, inventive step, and support requirements of the 2013 Act shall also apply during opposition, post-grant re-examination, and/or revocation proceedings;
  - ii) a claim must still be shown to *clearly* lack an inventive step to be found invalid in an opposition proceeding, as required by s 21(1)(e) of the 1953 Act;
  - iii) the 2013 Act "balance of probabilities" or 1953 Act "benefit of the doubt" standard of proof will apply to other grounds of invalidity besides novelty, inventive step or support in examination and opposition proceedings;
  - iv) the "prior art base" for novelty also includes the so-called "whole-of-contents" prior art as defined by s 8(2) of the 2013 Act;
  - v) "prior claiming" remains a ground for invalidity (ss 14, 21(1)(c), 41(1)(a) of the 1953 Act), or is redundant in view of the "prior art base" as defined by s 8(2) of the 2013 Act;
  - vi) the amendments are intended to override case law holding that the purpose of opposition proceedings under the 1953 Act is merely to clear the register of patents which are "manifestly untenable";<sup>1</sup>
  - vii) the support requirement of the 2013 Act (ss 57-63) or the fair basis requirement of the 1953 Act (s 11) shall apply when determining whether a patent application is entitled to antedating and/or priority;

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<sup>1</sup> *Huhtamaki Australia Pty Limited v Seda SpA* (HC Auckland, CIV 2010-485-509, 19 April 2011) at [10].

- viii) the 50-year exception for prior publication in ss 13(1), 21(1)(b) and 59(1) of the 1953 Act, absent in the 2013 Act, shall continue to apply; and
- ix) the Commissioner may disclose which publications were cited during examination in support of objections for lack of inventive step, under the proviso to s 91(2) of the 1953 Act.

13. These issues, and other potential unforeseen consequences, could be simply avoided by instead treating all future divisional applications as applications made under the 2013 Act.

*“Daisy-Chaining” of Divisional Patent Applications*

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*Question P2: Do you agree with MBIE’s assessment of the potential problems caused by “daisy-chaining” of divisional patent applications? If you do not, please explain why you consider that MBIE’s assessment is incorrect.*

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14. FPH agrees with the potential problems caused by “daisy-chaining” of divisional patent applications, and observes that those problems apply equally in the case of divisional applications made under the 1953 Act.

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*Question P3: Do you agree with MBIE’s preferred option for dealing with the issue of ‘daisy-chained’ divisional patent applications?*

*If you do not, which option do you prefer? Please explain why you prefer this option.*

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15. FPH agrees with MBIE’s preferred option of requiring the fate of all divisional patent applications to be determined by a specified date. This will provide earlier certainty for the public as to the potential scope of an applicant’s exclusive rights.

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*Question P4: If MBIE’s preferred option was adopted, do you agree with the 12-month time period proposed? If not, what other time period could be adopted?*

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16. FPH agrees with the proposed 12-month time period for putting all divisional applications in order for acceptance. It is logical for the parent and any divisional applications to have the same acceptance deadline.

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*Question P5: Do you agree with MBIE’s proposed amendments to the provisions relating to requesting examination and the proposed transitional provision? If you do not, please explain why.*

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17. FPH agrees with the proposed amendments deeming an application to be abandoned if examination is not requested within the prescribed time limit. Such an amendment would merely clarify what is already implicit in the 2013 Act.

### *Poisonous Priority*

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*Question P6: Do you agree that poisonous priority is not likely to be a significant issue in New Zealand? If not please explain why.*

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18. FPH agrees that poisonous priority is not likely to be a significant issue in New Zealand. The issue arises only in very specific and unusual circumstances which can generally be avoided by the applicant.

### *Poisonous Divisionals*

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*Question P7: Do you agree with MBIE's preferred solution to the poisonous divisional issue? If not, please explain why.*

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19. FPH has no objection to MBIE's proposed anti-self-collision provision.

### *Multiple Priority Dates for Claims*

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*Question P8: Do you agree with MBIE's assessment that there is no need to amend the 2013 Act to provide that patent claims can have more than one priority date? If not, please explain why.*

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20. FPH agrees there is no need to provide for a patent claim to have multiple priority dates. Doing so would be a significant change and would unnecessarily complicate searching, examination, and invalidity proceedings.

### *Extensions of Time When Hearing is Requested*

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*Question P9: Of the two options presented by MBIE for dealing with extensions of time when hearings are requested which do you prefer? Why?*

*FPH agrees with the proposed amendment providing for an extension of time for putting an application in order for acceptance following a hearing decision.*

*Question P10: If an extension of time for putting an application in order is granted when a hearing is requested, and the hearing request is withdrawn before a hearing, what should happen to the application? Do you agree with the approach suggested by MBIE? If not, please explain why.*

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21. FPH agrees with MBIE that where a hearing request is withdrawn, the application should be deemed abandoned.

### *The Utility Requirement*

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*Question P11: Do you consider that the usefulness requirements in the 2013 Act are unclear? Why?*

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22. Like MBIE, FPH is not convinced that there is a problem.

### *Swiss-type Claims*

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*Question P12: MBIE considers that the 2013 Act should not be amended to allow EPC2000-type claims. Do you agree? If not, why?*

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23. FPH has no objection to maintaining the status quo regarding non-allowability of EPC2000-style claims.

### *Exhaustion of Patent Rights*

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*Question P13: Do you agree that the 2013 Act should be amended to explicitly provide for exhaustion of patent rights? If not please explain why.*

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24. FPH agrees that the 2013 Act should be amended to explicitly provide for exhaustion of patent rights. This will provide certainty for both patentees and the public.

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*Question P14: If the 2013 Act is amended to provide for exhaustion of rights, should the Act provide for international exhaustion? Would there be any disadvantages in providing for international exhaustion?*

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25. FPH agrees that the 2013 Act should be amended to explicitly provide for international exhaustion of patent rights. This will provide certainty for both patentees and the public, and align the 2013 Act with US law as well as the Copyright Act 1994 and the Trade Marks Act 2002.

### *Attorney-General's Right to Intervene in Patent Proceedings*

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*Question P15: The 2013 Act provides that the Attorney-General has the right to challenge the grant of a patent or otherwise intervene in patent proceedings. Do you consider that the Attorney-General should retain this right?*

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26. FPH considers that the Attorney-General should retain this right, and we see no compelling reason for repealing this provision.

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*Question P16: If you consider that the Attorney-General should retain the right to challenge the grant of a patent or otherwise intervene in patent proceedings, do you consider that there should be an explicit provision providing for this (for example along the lines of MBIE's preferred option)?*

*Alternatively, do you consider that the provisions in the 2013 Act that "any person" can apply to oppose or revoke a patent, or apply for re-examination, are sufficient to give the Attorney-General the right to do these things?*

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27. FPH considers that s 163 already provides for this, and there is no need for any further or alternative provisions.
28. The right of "any person," or even "any person, or the Attorney-General," to oppose or revoke a patent is not a substitute for the Attorney-General's existing further rights to appear and be heard, or intervene, in any proceeding as provided by s 163(1)(c) and (d).

#### *Availability of Documents Relating to 1953 Applications*

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*Question P17: Do you agree that the transitional provisions in the 2013 Act are unclear about the availability of documents relating to 1953 applications and patents granted on them?*

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29. FPH agrees that the availability of reports of examiners issued under the 1953 Act should be clarified.
30. MBIE appears to be of the view that reports of examiners which were issued, and continue to issue, under the 1953 Act remain confidential after grant of a patent under that Act, despite the repeal of s 91(2). We are not convinced that this is necessarily correct, and note that the discussion paper is silent on the presumption in favour of public availability created by s 5 of the Official Information Act 1982.
31. We submit that consideration should be given to making available to the public at least those reports of examiners applying the novelty, inventive step, and support requirements of the 2013 Act as proposed by MBIE (refer to Question P1). Doing so would be consistent with the purposes and principle of the Official Information Act 1982, be consistent with the 2013 Act and the practice in foreign jurisdictions, promote accountability for thorough examination, and potentially avoid unnecessary re-litigation in opposition, re-examination or revocation proceedings of validity issues previously addressed during examination.

#### *Abstracts*

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*Question P18: Should the 2013 Act be amended to provide that the abstract must not be used to interpret the scope of an invention described or claimed in a complete specification? If so, why?*

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32. FPH is unconvinced that an amendment to the Act is required. We are not aware of any case in which an examiner, the Commissioner, or a court has relied upon the Abstract to interpret the

claims. As stated by the Supreme Court, “The claims are to be interpreted by reference to the object and description *in the body of the specification*” (emphasis added).<sup>2</sup>

## Conclusion

33. FPH welcomes amendment of the Patents Act 2013, in particular the introduction of examination for inventive step for new divisional applications made under the 1953 Act. It is important that this amendment comes into force as soon as possible, and we request that a Bill be put before Parliament as a matter of urgency.
34. We thank the Ministry for their careful consideration of our submissions on this important matter. Please let us know if we can be of any further assistance.

Yours sincerely



**Jon Harwood**  
General Manager Intellectual Property  
Fisher & Paykel Healthcare Limited

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<sup>2</sup> *Peterson Portable Sawing Systems v Lucas* [2006] NZSC 20 at [27].