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**A CRITICAL ASSESSMENT OF THE PURPOSE AND EFFICACY
OF CLAUSE 14 OF THE PATENTS BILL 2008**

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I INTRODUCTION

A Background

The Patents Bill 2008 (“Patents Bill”) is the result of the legislative reform process which began in the early 1990’s. It provides many amendments to the current statute, the Patents Act 1953, which align with the Article 27.2 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”).¹ Clause 14 of the Patents Bill (“Clause 14”) provides the general grounds of refusal of patent applications.² The exclusions can be referred to as “limitations and public interest safeguards”.³ It is the equivalent provision of s.17(1) of the Patents Act 1953, which provides:⁴

If it appears to the Commissioner in the case of any application for a patent that the use of the invention in respect of which the application is made would be contrary to morality, the Commissioner may refuse the application.

This provision has been expanded in Clause 14. A “public order” exception has been included, reference to commercial exploitation has been added, and a Maori advisory committee is also intended to advise the Commissioner. Despite these amendments, there remains uncertainty regarding the scope and efficacy of Clause 14. The purpose and efficacy of Clause 14 will be discussed in relation to similar debates in other jurisdictions.

¹ Agreement on Trade-Related Aspects of Intellectual Property Rights, 33 ILM 1197, (1994) (“TRIPS”); Patents Act 1953 (NZ). See Appendix A.

² See Appendix B.

³ Peter K Yu “TRIPS and Its Discontents” (2006) 10 Marq Int Prop L Rev 369, 391.

⁴ Patents Act 1953 (NZ), s 17(1).

B Consensus with Overseas Jurisdictions

Disparity in interpretations exists across jurisdictions regarding whether there should be patentability exclusions, and what form those exclusions should take. In early discussions it was considered that New Zealand's reform options should be based on the existing law in other jurisdictions.⁵

Differences in interpretations of patentability are likely due to the particular "culture of a country or region."⁶ For example, legislation in the USA contains no exclusions of patentability.⁷ This has encouraged research and development in the field of biotechnology because of greater patentability.⁸ The use of the World Trade Organisation dispute settlement system has been suggested as a means of creating better consensus in the law and assisting in its interpretation and application.⁹ However, this may not assist at a local level. Social values and structures, religions, and beliefs play a significant part in determining how cultures view the concept of morality. It is therefore unlikely that a consensus of morality and public order can be achieved across jurisdictions.

The author supports the development of appropriate legal tests as an adequate alternative to achieving consensus in the law. However, the appropriateness of a balancing test, as in the *Onco-Mouse* decision, should be determined through jurisprudential debate regarding morality's part in the

⁵ *Review of Industrial Property Rights, Patents, Trade Marks and Designs: Possible Options for Reform* (Competition Policy and Business Law Division, Ministry of Commerce, Wellington, 1990) 22.

⁶ Gervais, above n 6, 223.

⁷ 35 USC § 101, 102, 103 (2006).

⁸ Jasmine Chambers "Patent Eligibility of Biotechnological Inventions in the United States, Europe, and Japan: How much Patent Policy is Public Policy?" (2002) 34 *Ge Wash Intl L Rev* 223, 246.

⁹ Yu, above n 3, 392.

law.¹⁰ A potential disregard of morality via a balancing test could risk damage to public morality and institutions.¹¹

II CRITICAL ANALYSIS OF CLAUSE 14

A Commercial Exploitation

“Commercial exploitation” is a new qualifier to the morality and public order exclusions which does not appear in the Patents Act 1953. It provides that an invention is not patentable if its commercial exploitation is contrary to public order or morality.¹² This may mean that Clause 14(1) only applies to the commercial exploitation, not the invention itself.¹³

The scope of commercial exploitation is uncertain. It could suggest that an immoral invention is patentable providing it is not commercially exploited. Or alternatively, it could allow the grant of a patent where an invention’s benefit through commercial exploitation outweighs its immorality.¹⁴

Where the breadth of the patent is unjustifiably wide so as to deter “research and experiment”, it could be considered an abuse of the “public interest”.¹⁵ This may also suffice the qualifier of commercial exploitation where an unjustifiably broad patent creates an abusive monopoly through non-use. The Court may make a determination of commercial exploitation in such an instance, as the court should “protect the public from abuse of

¹⁰ Decision T 19/90-3.3.2, 1990 O.J. Eur. Pat. Off. 476, 476-78

¹¹ Robert P George “The Concept of Public Morality” (2000) 45 Am. J. Juris. 17.

¹² Patents Bill 2008, cl 14.

¹³ Daniel Gervais *The TRIPS Agreement: Drafting History and Analysis* (Sweet and Maxwell, London, 2003) 222.

¹⁴ If applying a ‘balancing test’, as applied in Decision T 19/90-3.3.2, 1990 O.J. Eur. Pat. Off. 476, 476-78, cited in Jasmine Chambers, above n 8, 234.

¹⁵ *Vector Corporation v Glatt Air Techniques Ltd* [2006] EWHC 1638 (Ch), para 70.

monopolies”.¹⁶ This proposition is yet to be tested, but can be said to fit within the morality exclusion.

B The Morality Exclusion

The Patents Bill provides that the morality exclusion is to be used “where commercial exploitation is likely to be offensive to a significant section of the community”.¹⁷ The purpose of the exclusion is therefore for the public interest. In early reform discussions, the “contrary to morality” provision was retained in initial amendments to the Patent Act 1953 “to enable further consideration of the issue of exclusions from patentability, given the concerns of Maori and others in this area”.¹⁸ This suggests that the morality exclusion has also been retained because it is broad enough to encapsulate unforeseen concerns that may arise.

Morality under the Patents Act 1953 has been applied to include exclusions based on public policy. This jurisprudence has developed from the Statute of Monopolies 1623 (21 Jac 1, c3).¹⁹ The statute provides that a monopoly of an invention may be granted providing that it is “not contrary to the law, nor mischievous to the State, by raising prices of commodities at home, or hurt of trade, or generally inconvenient”.²⁰ Section 2(1) of the Patents Act 1953 and Section 13(a) of the Patents Bill both include the meaning of invention as set out in Section 6 of the Statute of Monopolies.²¹ The Statute of Monopolies was recently considered in the case of *Pfizer Inc v Commissioner of Patents*, where it was reaffirmed that methods of medical treatment on

¹⁶ Ibid.

¹⁷ Explanatory Note, Patents Bill 2008, page 7.

¹⁸ *Intellectual Property Law Reform Bill: Maori Discussion Paper* (Ministry of Commerce, Wellington, 1994) 15.

¹⁹ Statute of Monopolies 1623 (21 Jac 1, c3); *Pfizer v Commissioner of Patents* [2005] 1 NZLR 362 (CA), para 2.

²⁰ *Pfizer*, above n 19.

²¹ Patents Act 1953, s 2(1); Patents Bill 2008, cl 13(a); Statute of Monopolies 1623 (UK), s 6.

humans were not patentable.²² Therefore, where the commercial exploitation of a patent is not found to be contrary to morality under Clause 14, it could alternatively be argued that it is “generally inconvenient” under Clause 13.

The existence of morality exclusions acting in the determination of commercial interests of patents has been questioned.²³ One may view patents, or even the broader field of intellectual property, as a purely commercial matter. However, it could also be suggested that those jurisdictions which have not included moral exclusions have failed in their moral responsibilities.²⁴

1 Administration of the morality exclusion

An express morality exclusion already exists in Section 17 of the Patents Act 1953. It is a discretionary ground for refusal, where the Commissioner “may” refuse the application.²⁵ This has been amended in the Patents Bill, where the Commissioner must refuse the application where the “commercial exploitation” of the invention is contrary to morality.²⁶ However, discretion still lies with the Commissioner as to whether, in their opinion, a patent application fits within the terms of Clause 14. A matter of contention has been whether the Commissioner is adequately equipped for the purpose of determining how to apply the morality and public order exclusions.

In 1994 the Ministry of Commerce proposed that “there should be no exclusions from patentability”, and that the “contrary to morality” exclusion should be repealed.²⁷ The Ministry’s reason was that “it is not appropriate for

²² *Pfizer*, above n 19.

²³ W Cornish and D Llewelyn *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 5th ed (Sweet and Maxwell, London, 2003) para 20-09.

²⁴ David Thomas and Georgina A Richards “The Importance of the Morality Exception under the European Patent Convention: The Oncomouse Case Continues...” [2004] EIPR 97, 98.

²⁵ Hon Judith Tizard, Associate Minister of Commerce, “Patentability of Plants and Animals” *Review of the Patents Act 1953 Stage 3: Part 2* (Ministry of Economic Development, 2005) para 10.

²⁶ Patents Bill 2008 (NZ), s 14(1)(b).

²⁷ *Intellectual Property Law Reform Bill: Maori Discussion Paper*, above n 18, 16.

the Commissioner of Patents to be deciding what is ‘moral’ and what is not.’²⁸ A different view is expressed by the Ministry in later discussion papers.²⁹ However, in the 2005, public submissions were received stating that “the Commissioner is not equipped to make decisions on moral issues”.³⁰ The Ministry’s opinion in the early 1990’s that the morality exclusion be removed on the basis of the Commissioner’s ability is questionable. Rather, an appropriate administrative or procedural test should be set up to consider patent applications, if the Commissioner’s skill is not suited.

The Ministry of Commerce, in 1994, considered that patent law is not an appropriate vehicle for “controlling the use of ‘socially undesirable’ inventions.”³¹ This is only due to the fact that patents confer no rights for their use.³² The difficulty is whether “socially undesirable” inventions can be excluded from patent. The focus of the exclusion provisions therefore should be on the inventions themselves, not their uses.

2 *The scope and definition of the morality exclusion*

The morality exclusion in clause 14 is vague because it is indeterminate as to what is considered moral.³³ In Europe, to apply to the European Patent Convention (“EPC”), the following definition has been suggested:³⁴

The concept of morality [is] one which is related to the belief that some behaviour is right whereas other behaviour is wrong, this belief being founded on the totality of the accepted norms which are deeply rooted in a particular culture which, in the case of the EPC, is the culture inherent in European society and civilization.

²⁸ Ibid.

²⁹ Tizard, above n 25, para 13.

³⁰ Ibid.

³¹ *Intellectual Property Law Reform Bill: Maori Discussion Paper*, above n 18, 17. Emphasis in the original document.

³² Chambers, above n 8, 230.

³³ M Bruce Harper “TRIPS Article 27.2: An Argument for Caution” (1997) 21 *Wm & Mary Envtl L & Pol’y Rev* 381, 383.

³⁴ *Plant Genetic Systems/Plant cells* [1995] OJ EPO 8, 545; [1995] EPOR 357, cited in Thomas and Richards, above n 24, 100.

While the above definition can be modified according to the jurisdiction, it still retains uncertainty as to how beliefs are measured.

The patentability of animal varieties is one such uncertainty. The European Patent Convention expressly excludes patents for plant and animal varieties and their essential biological processes.³⁵ Article 27 of TRIPS also allows for countries to exclude patents for animal varieties. This conflicts with the USA case of *Diamond v Chakrabarty*, which provided that a micro-organism was not excluded from patentability.³⁶

There is no express exclusion for animals under the Patents Bill. However, it could be argued that animals are excluded under the morality provision in Clause 14, if the European jurisdiction is favoured. This could be supported by a failure in the reform discussion to distinguish the terms plants and animals.³⁷ On this basis, it could be said that the exclusion of plant varieties and human biological processes in Clause 15 supports the exclusion of *all* multi-cellular organisms.

The common law currently provides that medical treatments for humans are excludable under s 17 of the Patents Act, based on “policy (moral) grounds”.³⁸ The Patents Bill codifies this in Clause 15, as well as other exclusions, such as human beings and biological processes for their generation.

The effects on the environment and environmental risks may be factors to take into account under Clause 14(1). Article 27.2 provides that public order

³⁵ Convention on the Grant of European Patents (11 January 1978), 1065 UNTS 199 (“EPC”), art 53(b); cited in Chambers, above n 8, 232.

³⁶ *Diamond v Chakrabarty* 447 US 310, cited in Chambers, above n 7, 227.

³⁷ The only point of difference noted between “plants and animals” being the public submissions for the patenting of “micro-organisms” and “microbiological processes”, in Tizard, above n 25.

³⁸ *Pfizer*, above n 19, para 11.

or morality includes “serious prejudice to the environment”.³⁹ Environmental risks were one of the moral considerations in the *Onco-Mouse* decision.⁴⁰ It could be argued that Clause 14(1) has scope to consider environmental risks, including the production of pollution or waste by an invention. This argument may be supported where the environmental risk also amounts to a social risk.⁴¹

3 *An appropriate test for the morality exclusion*

There is uncertainty as to how the definition of morality is reached, and secondly, how the morality exclusion should be applied. In the first instance, a definition of morality to apply to the EPC has been suggested, as noted above.⁴² However, a simpler and perhaps more effective question is “whether granting a patent in a particular case would offend against moral susceptibilities” as a result of the commercial exploitation of the invention?⁴³ This is more in keeping with the Patent Bill’s intention to provide protection where an invention is “offensive to a significant section of the community”.⁴⁴

In the second instance, the *Onco-Mouse* decision may provide guidance regarding an appropriate test to apply the morality exclusion.⁴⁵ The origin of the *Onco-Mouse* patent application involved cancer research and the development of genes in mice. Among other issues, on appeal a “balancing test” was applied, involving “a careful weighing up of the suffering of animals and possible risks to the environment on one hand, and the invention’s usefulness to mankind on the other”.⁴⁶

³⁹ TRIPS, art 27.2.

⁴⁰ Chambers, above n 8, 234.

⁴¹ Harper, above n 33, 384.

⁴² *Plant Genetic Systems/Plant cells* [1995] OJ EPO 8, 545; [1995] EPOR 357, cited Thomas and Richards, above n 26, 100.

⁴³ Thomas and Richards, above n 26, 100.

⁴⁴ Explanatory Note, Patents Bill 2008, page 7.

⁴⁵ Decision T 19/90-3.3.2, 1990 O.J. Eur. Pat. Off. 476, 476-78, cited in Chambers, above n 8, 234.

⁴⁶ *Ibid.*

The European Union Directive 98/44/EC also provides grounds for exclusion, under Article 6.⁴⁷ Article 6(2) provides that patents are not eligible where they are “processes for modifying the genetic identity of animals which are likely to cause them suffering without substantial medical benefit to man and animal, and also animals resulting from such processes”.⁴⁸ The wording of the EU Directive suggests an undertaking of a balancing test in some circumstances, where a substantial benefit can outweigh the suffering caused.

The wording of the Patents Bill suggests that such a balancing test could apply in New Zealand. That is, the risks and immorality of an invention could be weighed against the benefits of it being commercially exploited. The author submits that the application of a simple “balancing test” is inappropriate when considering morality or public order. The protection of animal welfare in the law is one such moral concern. The primary justification in providing for animal rights is that animals have an inherent value as sentient beings who feel pain.⁴⁹ A balancing test in this instance would be insufficient, as animals have a right to proper treatment regardless of any potential human benefit.⁵⁰

Further factors have been suggested for inclusion if a balancing test is ultimately adopted. These include consideration of “public morality” and the “public’s view”, and that the commercial exploitation of the invention allows a substantial public benefit.⁵¹ Furthermore, the invention must be fundamental, such as a medical cure, to outweigh significant moral risks, and consideration should be given to available alternatives.⁵²

⁴⁷ European Union Directive 98/44/EC, Art 6; Council Directive 98/44 on the Legal Protection of Biotechnological Inventions, 1998 OJ 13, cited in Chambers, above n 8, 238.

⁴⁸ European Union Directive 98/44/EC, Art 6(2), cited in Chambers, above n 8, 238.

⁴⁹ Steven White “Legislating for Animal Welfare: Making the interests of animals count” (2003) *Alt LJ* 28(6): 277-281, 278.

⁵⁰ *Ibid.*

⁵¹ Thomas and Richards, above n 26, 100.

⁵² *Ibid.*

C *The Public Order Exclusion*

1 *Definition and scope of the public order exclusion*

Clause 14(1)(a) provides that an invention is not patentable where its commercial exploitation is contrary to “public order”.⁵³ This is a new provision, and is in accordance with the Article 27.2 term “*ordre public*”.⁵⁴ However, a more appropriate interpretation of the Article 27.2 term is one of “public policy”, rather than “public order”.⁵⁵ This concerns the “fundamentals from which one cannot derogate without endangering the institutions of a given society.”⁵⁶ Examples of these “institutions” are the freedom of people to enter into contract, and the institution of marriage.⁵⁷

A much broader application of “public order” has been provided in the USA, creating a crossover with the morality exclusion. There, the preservation of public order has been said to prevent that which is “injurious to the well being, good policy, or good morals of society”.⁵⁸

By adopting a more limiting definition, as that in TRIPS, the Patent Bill leans towards the European definition of *ordre public*. However, an issue arises as to whether the terms should be read together or separately. In the *Onco-Mouse* decision, the terms appear to have been considered together.⁵⁹ However, the drafting of the Patents Bill has presented the terms as “(a) public; or (b) morality”.⁶⁰ This appears similarly in the Patents Act 1977 (UK),

⁵³ Patents Bill 2008, cl 14(1)(a).

⁵⁴ TRIPS, article 27.2; Patents Bill 2008, cl 14(1)(a).

⁵⁵ Gervais, n 13, 222.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ *Tol-O-Matic Inc v Proma Pdukt-und Mktg Gesellschaft* 945 F.2d 1546, 1553 (Fed. Cir. 1991), cited in Chambers, above n 8, 231.

⁵⁹ Chambers, above n 8, 234.

⁶⁰ “Public order” appears in cl 14(1)(a), while “morality” appears in cl 14(1)(b), of the Patents Bill 2008.

although the terms are not separated by subsections.⁶¹ The Patents Bill suggests that they are to be read and applied separately. This would prevent any crossover of morality between the two terms.

2 *An appropriate test for the public order exclusion*

Given that “public order” and “morality” are distinguishable, it may mean that they require independent tests when applied. A test of whether an invention is “offensive” is unlikely to be suitable for “public order”. However, a similar balance test as used in the *Onco-Mouse* case could be applied, given that the terms were considered mutually.⁶²

It has been suggested that a “plurality of advisory committees” would provide better representation of public concerns.⁶³ The administrative difficulties of establishing such committees mean that it is unlikely to occur, despite its likelihood of giving greater effect to Clause 14.

D Prohibition by Law

Illegality of the commercial exploitation of the invention is not necessarily contiguous with morality or public order. Clause 14(2) serves to distinguish this. Clause 14(2) provides the presumption that commercial exploitation of the invention is not contrary to public order or morality only because it is prohibited by law in New Zealand.⁶⁴ This emphasizes the concept that “the issuance of a patent gives no right to make, use or sell a patented invention”.⁶⁵ It merely prevents others making or selling that invention.

⁶¹ Patents Act 1977 (UK), s 1(3).

⁶² Chambers, above n 8, 234.

⁶³ See commentary in *New Zealand Patent Bill* (2008) <<http://ipkitten.blogspot.com/2008/08/new-new-zealand-patent-bill.html>> (at 12 September 2008).

⁶⁴ Patents Bill 2008, cl 14(2).

⁶⁵ Chambers, above n 8, 230.

However, if the exploitation of the invention is prohibited under law then this fact could be submitted as one of the arguments to exclude its patent.⁶⁶ This was one of the arguments used in the *Onco-Mouse* case, where it was said that the laws regarding the prohibition and regulation of animal experimentation were relevant.⁶⁷

Clause 14(2) could be applied in a pre-emptive capacity. Inventors may apply for a patent in anticipation that its commercial production will be allowed at a later stage. An example may be an invention which is permitted by an approved ethics code to only be produced in a research laboratory.

E Maori Advisory Committee

The imposition of intellectual property rights has focused on protecting individual benefits.⁶⁸ The failure of this prevailing system is the disregard of socially-created intellectual property in the community.⁶⁹ Indigenous or traditional knowledge is often the basis of such intellectual property, which has been developed across generations. Similarly, the concept of patents is not compatible with the Maori concept of “collective ownership of knowledge”.⁷⁰ One result of this ongoing concern is the lodging of the Wai 262 claim by Maori on the basis that they have been denied tino rangatiratanga over indigenous flora and fauna.⁷¹

⁶⁶ Gervais, above n 13, 223.

⁶⁷ Thomas and Richards, above n 26, 102.

⁶⁸ Bradford S Simon “Intellectual Property and Traditional Knowledge: A Psychological Approach to Conflicting Claims of Creativity in International Law” (2005) 20 Berkeley Tech LJ 1613, 1623.

⁶⁹ Ibid.

⁷⁰ Craig Howie “Rules could protect Maori knowledge” *Stuff, The Dominion*, 4 April 2002.

⁷¹ *Intellectual Property Law Reform Bill: Maori Discussion Paper*, above n 18, 9.

It has also been acknowledged that the current patent system “does not provide [Maori] with sufficient protection for their taonga”.⁷² However, for the Patents Bill to make a complete determination on collective Maori intellectual property would be inappropriate given the Wai 262 claim.⁷³ A response to these concerns is the provision for the Patents Bill to establish a Maori advisory committee (“MAC”).⁷⁴ The intent is that the MAC will advise the Commissioner where patent applications involve traditional knowledge or indigenous plants and animals.⁷⁵

It could be argued that the patenting of any Maori traditional knowledge is immoral and offensive to Maori.⁷⁶ However, the Patents Bill only proposes maintaining an “appropriate balance” between providing incentives for innovation and technology, while protecting the interests of Maori and their traditional knowledge.⁷⁷ A balancing test is therefore likely to apply, given that decisions of the MAC are not binding. However, because only a small part of society may object to the patent, this may be insufficient concern to warrant excluding a patent on that basis.⁷⁸ In certain respects this is reminiscent of the Waitangi Tribunal.⁷⁹ They both act in the capacity to advise and make recommendations, but neither establishment has binding authority. The lack of binding effect could be criticized as not taking adequate steps to address Maori concern.⁸⁰

In contemplating improving Maori input it was suggested that “registries of traditional knowledge” be created for reference when considering

⁷² Ibid.

⁷³ Ibid, 11.

⁷⁴ Patents Bill 2008, cl 14(3).

⁷⁵ Explanatory Note, Patents Bill 2008, page 7.

⁷⁶ Susan Young “The Patentability of Maori Traditional Medicine and the Morality Exclusion in the Patents Act 1953” in (2001) 32 VUWLR 255, 268.

⁷⁷ Explanatory Note, Patents Bill 2008, 2.

⁷⁸ Young, above n 76, 273.

⁷⁹ The Waitangi Tribunal was set up under The Treaty of Waitangi Act 1975 in order to administer Treaty of Waitangi claims and make recommendations to the Crown.

⁸⁰ Young, above n 76, 273.

patent applications.⁸¹ The benefit of such a registry would extend to the preservation of traditional knowledge.⁸² However, the Ministry of Economic Development considered that such a registry would create contention.⁸³ Such contention may arise when attempting to differentiate between traditional and modern Maori knowledge. This is particularly so where “tradition” is an ongoing construction within a culture, not necessarily relegated to historical fact.

Advice may also be sought from “any person that the Commissioner considers appropriate”.⁸⁴ No guidelines are provided as to who an “appropriate” person may be. This creates the risk that appropriate and adequate advice may not be provided. Local Maori leaders or kaumatua may be approached, but it still remains at the Commissioner’s discretion.

The establishment of the Maori advisory committee is a positive step in addressing Maori concerns regarding patents. However, one feels that it will give little effect, as it is purely to provide advice. It could be said that effective protection of Maori intellectual property, if desired by the legislature, can only be achieved through the enactment of *sui generis* legislation.⁸⁵ Such legislation is being contemplated on an international level for the protection indigenous knowledge against misuse.⁸⁶

⁸¹ Howie, above n 70.

⁸² Esther Almeida “Traditional Knowledge in the Ecuadorian Amazon Context” in Mpasi Sinjela (ed) *Human Rights and Intellectual Property Rights: Tensions and Convergences* (Martinus Nijhoff Publishers, Leiden, Netherlands, 2007) 209-240, 236.

⁸³ Howie, above n 70.

⁸⁴ Patents Bill 2008, cl 14(2).

⁸⁵ Young, above n 76, 274.

⁸⁶ Almeida, above n 82.

III CONCLUSION

Clause 14 of the Patents Bill 2008 does go a step ahead of its predecessor by including further provisions of Article 27.2. Furthermore, it has expressly provided for the possible inclusion of Maori input through the establishment of the Maori advisory committee.

However, clause 14 fails to clarify certain provisions. In particular, the definitions of “public order”, “morality”, and “commercial exploitation”. Without clear guidance as to how these terms apply, the good intentions of Clause 14 may be undermined by inefficacy.

The intention may be that the Courts should provide guidance in these areas. But this is likely to prove difficult given the distinct approaches by Europe and USA in determining grounds for exclusion. The author suggests that adopting interpretations of morality and public order from other jurisdictions is not necessarily the correct approach. Furthermore, while commercial interests play a significant part in patent law, it should not be a determiner of these provisions. Rather, it would be more appropriate to develop appropriate tests for determining the scope of clause 14. Whether or not this is in the form of “balancing test” it is encouraging that the debate continues as to a suitable consensus approach.

APPENDIX A

Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”)

Article 27

Patentable Subject Matter

2. Members may exclude from patentability inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law.

APPENDIX B

Patents Bill 2008, cl 14

Exclusions from patentability

14 Inventions contrary to public order or morality not patentable inventions

- (1) An invention is not a patentable invention if the commercial exploitation of the invention, so far as claimed in a claim, is contrary to—
 - (a) public order (which in this section has the same meaning as the term *ordre public* as used in Article 27.2 of the TRIPS agreement); or
 - (b) morality.

(2) For the purposes of **subsection (1)**, commercial exploitation must not be regarded as contrary to public order or morality only because it is prohibited by any law in force in New Zealand.

(3) The Commissioner may, for the purpose of making a decision under this section, seek advice from the Māori advisory committee or any person that the Commissioner considers appropriate.

(4) For the purposes of this section, **TRIPS agreement** means the World Trade Organization Agreement on the Trade Related Aspects of Intellectual Property Rights done at Marrakesh on 15 April 1994.

COMPARE: PATENTS ACT 1977 s 1(3), (4) (UK).

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35 USC § 101, 102, 103 (2006).

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