

## Experimental use of patented inventions in research

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Research leaders worry about infringing existing patent rights while carrying out their research. Below, we look at the present legal situation in New Zealand and Australia and address the concern that by simply carrying out your research you could end up in court.

### The law in New Zealand and Australia

Patents give their owner the right to stop anyone else making, using or selling their invention in a country in which the patent is granted. Carrying out any of these activities could infringe the owner's patent rights. Therefore, if a patent covers the methods, compounds or apparatus used in your lab, there is a risk that you could be infringing the patent owner's rights.

In some countries, for example the UK, there is a specific exemption from infringement if the patented invention is used for *experimental use* only. Under UK law *experimental use* encompasses research which is done privately and for purposes which are not commercial. The intention behind this exemption is to allow research be carried out with less risk that the patent owner will sue for patent infringement.

Currently, there is no such specific exemption for experimental use under New Zealand or Australian law although NZ courts have indicated that experimental use should not be considered infringement. For example, in a 1991 New Zealand court case,<sup>1</sup> the judge commented on an experimental use exemption and recognised the difficulty in defining a *commercial objective* saying:

*Doubtless experimentation will usually have an ultimate commercial objective; where it ends and infringement begins must often be a matter of degree. If the person concerned keeps his activities to himself, and does no more than further his own knowledge or skill, even though commercial advantage may be his final goal, he does not infringe. But if he goes beyond that, and uses the invention or makes it available to others, in a way that serves to advance in the actual market place, then he infringes.*

Current understanding is that *experimental use* is likely to include direct investigation of the invention with a view to improving it or exploring its function and limits. However, if an invention is used as a tool for other purposes, even if carried out in a research setting, this would likely be considered to infringe the patent. For example, a patented analytical method would be infringed if it was being used in a lab to simply test samples, *i.e.* the purpose for which it was designed, but may not be infringed if experiments were being carried out to improve the analytical method.

In Australia the matter has not come up in court. It is not known if the courts would apply such an exemption, but it

is likely that they would.

### Changes afoot – a clearer path ahead?

A specific experimental use exemption to infringement has been included into both the new New Zealand Patents Bill<sup>2</sup> and the proposed amendments<sup>3</sup> to the Australian Patents Act. There is concern that the current uncertainty around this issue is deterring research and innovation. This uncertainty may encourage business and researchers to abandon research that could risk patent infringement or to move their research and development to countries where there is a clearer path.

The new New Zealand Patents Bill is still making its way through Parliament and may yet see changes to its content, although it seems likely that this section will remain.

In Australia, there is currently a call for submissions on the proposed amendments to the Patents Act.

The wording proposed in New Zealand and Australia is slightly different, but both include the following activities that would be considered *experimental use* which if carried out would not infringe a patent:

- seeking an improvement of the invention (*e.g.* determining new properties, or new uses, of the invention).
- determining how an invention works,
- determining the scope of the invention, and
- determining the validity of the claims (of the patent in question).

### Has this been an issue to date?

In 2003, Genetic Technologies Ltd., an Australian company with two New Zealand patents concerning non-coding DNA analysis and mapping, contacted a number of life science organisations, including Crown Research Institutes, to draw attention to their patents. They were offering licences (for a price) to allow the organisations to conduct research which they believed was covered by their patents. The matter was finally settled out of court, with agreement that the organisations would not need to pay a licence fee for use of the methods covered by the patents. The validity of the patents was also questioned. While the matter was ultimately settled, if there had been a specific exemption for experimental use, time-consuming and costly negotiations could have been avoided by at least some of the organisations.

It is unclear why this issue has not been considered in court more often. Is it that researchers are avoiding patented inventions for fear of infringement proceedings? Are patent owners turning a blind eye to research being carried out? Or is it that truly experimental use, without commercial benefit, does not come to the attention of the

patent owner, and therefore no action is taken against it? Perhaps action has been taken and was settled well before the matter aired publically. In reality, it is probably a combination of all these options.

### Do you infringe?

Would your research be considered *experimental use* under the above definitions? If you are *experimenting on* a patented invention and seeking to improve it or investigating its scope or function, it is likely that such actions would be acceptable in New Zealand. However, if you are *experimenting with* a patented invention and using it as a tool to further your research then you are likely to be infringing the patent and may not have a defence if the case goes to court.

If you are using a commercially produced and purchased product, then you will be licensed to use any patented inventions in the product in accordance with the Terms and Conditions of the product.

If you use inventions in your research that are not covered by a patent in your country then there should not be an issue. The only way to find this out is to search patent databases and consider what is covered by the claims of patents.

Be careful though, if you use a process that is patented in another country (but not in NZ), export of the product of that process may infringe the patent in that other country.

It should be noted, however, that patents in NZ are not published on the patent database until they are accepted, following examination by the patent office (which can take several years). Accordingly, it is possible that a pending patent application may be granted in the future that covers an invention that you are currently using. It is advisable to consult a patent attorney if these issues are of concern.

While infringement action against researchers is thankfully quite rare, it is prudent to be aware of the patent literature in your country that relates to your field. Doing this and being alert to the potential for patent infringement should minimise the risk of court action by patentees.

### References

1. Smith Kline & French Laboratories Ltd v Attorney-General 1991, 2 NZLR 560.
2. New Zealand Patents Bill 2008, 235-242.
2. Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 – Exposure Draft 17/12/2010

**A reminder: if you have any queries regarding intellectual property related matters (including patents, trademarks, copyright or licensing), please contact:**

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Katherine Hebditch and Tim Stirrup of Baldwins Intellectual Property in Auckland specialise in chemistry and biotechnology patents. Katherine obtained her PhD in organic chemistry from the University of Manchester in the UK in 2004. She is currently working towards registration as a patent attorney. Tim obtained his PhD in molecular biology from the University of Southampton in the UK in 2007. He is also working towards registration as a patent attorney.

