

OFFICE OF THE ASSOCIATE Minister of Commerce

The Chair

Cabinet Economic Development Committee

Review of the Patents Act Stage 3, Part 3: Māori Consultative Committee for the Intellectual Property Office of New Zealand

Proposal

1. This paper is the third in a series of papers seeking amendments to the Patents Act arising from Stage 3 of the Review of the Patents Act 1953 and seeks approval for amendments to the Patents Act 1953 to establish a Māori Consultative Committee for the Intellectual Property Office of New Zealand.

Executive Summary

2. The Intellectual Property Office of New Zealand (IPONZ) currently does not have any formal system of consultation with Māori about patent applications it receives. The Royal Commission on Genetic Modification considered that there should be such a system and recommended that a Māori Consultative Committee (MCC) be established for IPONZ.

3. The government in its response to the Royal Commission's recommendations agreed that a Māori Consultative Committee (the "MCC") be established, but that its scope and role be confirmed following public consultation as part of Stage 3 of the review of the Patents Act 1953 (CAB Min (01) 34/15 refers).

4. On the basis of the public submissions, it would be appropriate that the MCC be consulted where a patent application may impact on Māori rights or interests. Applications involving inventions derived from indigenous flora and fauna, or that may involve the use of traditional knowledge would fall into this category.

5. The Commissioner of Patents will be required to establish a Māori Consultative Committee, and its role will be specified in the Act and be limited to providing advice to the Commissioner of Patents. This is consistent with the approach taken in relation to the Māori Advisory Committee provided for under the Trade Marks Act 2002.

6. The functions of the Māori Consultative Committee would be specified in the Act as the following:

- providing advice to the Commissioner of Patents as to whether an invention claimed in a patent application is derived from or appears to be derived from traditional knowledge, indigenous plants and animals;
- providing advice to the Commissioner of Patents as to whether the commercial exploitation of such an invention is or is likely to be contrary to Māori values;

7. The establishment of the MCC will impose additional costs on IPONZ. The ongoing costs of running the MCC will depend on the number of applications that the MCC is asked to consider. While this is difficult to estimate, it is unlikely to be more than 40 – 50 applications per year. IPONZ estimates that, on this basis the cost of the Committee will be approximately \$250, 000 per annum. This cost will be recovered through the fees charged by IPONZ, there will be no effect on the government’s operating balance.

Background

8. The Intellectual Property Office of New Zealand does not have any formal system of consultation with Māori about patent applications it receives. The Royal Commission on Genetic Modification considered that an established system of consultation with Māori is overdue, and that a systematic approach of consulting Māori who are mandated by, and accountable to, the Māori community is required¹

9. The Royal Commission on Genetic Modification went on to recommend (Recommendation 10.3):

“that a Māori Consultative Committee be established by the Intellectual Property Office of New Zealand to develop procedures for assessing applications, and to facilitate consultation with the Māori Community where appropriate.”

10. Cabinet has agreed in its response to the Royal Commission recommendations that a Māori Consultative Committee (the “MCC”) be established, but that its scope and role be confirmed following public consultation as part of Stage 3 of the review of the Patents Act 1953 (CAB Min (01) 34/15 refers).

11. In March 2002, Cabinet approved the release of a discussion paper entitled “Boundaries to Patentability” as part of Stage 3 of the Review of the Patents Act 1953 (CAB MIN (02) 8/6 refers). The document was released by the Ministry of Economic Development at the beginning of April 2002. The document included a discussion of the possible roles and functions of the MCC.

12. In February 1999, the Ministry released a discussion document on the patenting of biotechnological inventions together with a report by the Patenting of Life Forms Focus Group (the Focus Group) established in 1995. The focus group was established to identify for the Ministry some issues of probable concern to Māori in relation to the patenting of life forms. Consultation hui and workshops on both papers took place between April and June 1999.

13. Submissions on the Focus Group’s report and the patenting of biotechnological inventions indicated that Māori had considerable concerns (also shared by others in the community) about the patenting of life forms. Some submissions argued strongly that Māori be consulted when decisions are made on the patenting of life form inventions.

The Trade Marks Act 2002

14. The Trade Marks Act 2002 requires the Commissioner of Trade Marks to establish a committee to advise the Commissioner on whether the proposed use or registration of

¹ Report of the Royal Commission on Genetic Modification, p287.

a trade mark that is, or appears to be, derivative of a Māori sign, including text and imagery, is, or is likely to be, offensive to Māori .

15. The function of the committee is limited to providing advice, and the Commissioner is not bound to accept the committee's advice. This reflects the fact that the Commissioner is a statutory officer whose responsibility for decisions on the registration or revocation of trade marks cannot appropriately be delegated to other parties.

The Māori Consultative Committee

16. Submissions to the discussion paper varied on the purpose and function of the MCC. They ranged from the position that there should be no MCC, to the position that the MCC be able to make binding decisions on the Commissioner of Patents in respect of patentability of inventions. Other functions suggested for the MCC included a role in identifying what varieties of indigenous flora and fauna are of common knowledge to Māori and in promoting the formation and development of a register of Māori traditional knowledge. Such a register was seen as means to assist patent examiners and others to identify traditional knowledge, and assist in determining whether an invention met the requirements for patentability, especially the requirement that an invention be novel.

17. Most of the submissions considered that the Committee should be consulted where the Commissioner of Patents considers that a patent application impacts on Māori rights or interests. During consultation, representatives of Ngati Porou, one of the WAI 262 claimants, emphasised the importance of providing Māori with an opportunity to have input into the patent granting process.

Role of the Māori Consultative Committee

18. Taking into account the public submissions, it would be appropriate that the MCC be consulted where a patent application may impact on Māori rights or interests. Applications involving inventions derived from indigenous flora and fauna, or that may involve the use of traditional knowledge would fall into this category. This will assist the Commissioner of Patents in assessing whether such inventions meet the criteria for the granting of a patent, that is, whether the invention is novel or inventive.

19. It would be consistent with the Trade Marks Act 2002, and the Royal Commission's recommendations, if the Commissioner of Patents was required to establish the Committee, and if the MCC's role was specified in the Act and be limited to providing advice to the Commissioner of Patents. The final decision on the patentability of any invention would continue to lie with the Commissioner.

20. Part 2 of this submission proposes that inventions whose commercial exploitation is (among others) "contrary to morality or ordre public" be excluded from patent protection. It would also be appropriate for the MCC to provide advice as to whether the use of an invention derived from indigenous plants and animals, or Māori traditional knowledge was contrary to Māori values, to assist the Commissioner in determining whether commercial exploitation of such inventions would be "contrary to morality or ordre public".

21. On this basis then, the functions of the Māori Consultative Committee would be specified in the Act as the following:

- providing advice to the Commissioner of Patents as to whether an invention claimed in a patent application is derived from or appears to be derived from traditional knowledge, indigenous plants and animals;
- providing advice to the Commissioner of Patents as to whether the commercial exploitation of such an invention is or is likely to be contrary to Māori values;

22. It is envisaged that formal terms of reference will be developed, defining in greater detail the role of the Committee and its relationship to the Commissioner of Patents. This will be modelled on the process being followed in the establishment of the Māori Advisory Committee required under the Trade Marks Act 2002.

23. In light of the recommended functions of the MCC, it would be appropriate if members of the MCC had, amongst other skills and knowledge, expertise in matauranga Māori (Māori traditional knowledge), particularly in respect of flora and fauna and tikanga Māori (Māori protocol and culture). Members will also need to have a scientific, technological and business perspective. At the same time, the membership requirements should not be too prescriptive, so as to allow the widest possible choice of members.

Costs

24. The establishment of the MCC will impose additional costs on IPONZ. IPONZ has estimated that the MCC would cost \$15,000 - \$30,000 to establish. The ongoing costs of running the MCC will depend on the number of applications that the MCC is asked to consider. While this is difficult to estimate, it is unlikely to be more than 40 – 50 applications per year. IPONZ estimates that, on this basis the cost of the Committee will be approximately \$250,000 per annum. This cost will be recovered through the fees charged by IPONZ. There will be no overall impact on the government's operating balance.

Consultation

25. The following Ministries and agencies have been consulted in the preparation of this submission: Treasury; Justice; Te Puni Kokiri; Foreign Affairs and Trade; Environment; Research, Science and Technology; Health; Agriculture; Conservation; the Department of the Prime Minister and Cabinet and the Environmental Risk Management Authority.

26. The Minister of Commerce has been consulted.

Fiscal Implications

27. The proposal to establish a Māori Consultative Committee will impose additional costs on IPONZ, estimated to be approximately \$250,000 per year. These additional costs will require an increase to the IPONZ Baseline (Vote Commerce: Registration and Granting of Intellectual Property Rights), although this will be recovered through third party revenue. This will require fees to be set at an appropriate level to ensure full cost recovery. There will be no overall impact on the government's operating balance. Once the fees are finalised, changes to baselines will be sought.

Human Rights

28. The proposals outlined in this submission are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Legislative Implications

29. The proposals in this submission would require amendment to the Patents Act 1953 and the Patent Regulation 1954. A bill incorporating amendments to the Patents Act 1953 arising out the Stage 1 and 2 review of the Act holds priority 4 (to go to Select Committee in 2003). Amendments proposed in this submission would be incorporated into that bill.

Regulatory Impact and Compliance Cost Statement

30. A Regulatory Impact Statement is attached. The RIS complies with Cabinet Office Circular CO (98) 5. A Business Compliance Cost Statement is not attached as there are no compliance cost implications for business.

Publicity

31. I propose to issue a short media statement outlining the proposed changes to the Act, if agreed. I also recommend that this paper be released on the MED website as soon as decisions are taken.

Recommendations

32. It is recommended that the Committee:

1. **Note** that Cabinet has agreed that a Māori Consultative Committee be established by the Intellectual Property Office, and that its scope and role be confirmed following consultation as part of Stage 3 of the review of the Patents Act 1953;
2. **Agree** that the Patents Act 1953 be amended to:
 - i. require the Commissioner of Patents to establish a Māori Consultative Committee;
 - ii. require that the Commissioner, when appointing members of the Committee must take into consideration each person's knowledge of mātāuranga Māori (Māori traditional knowledge) and tikanga Māori (Māori protocol and culture).
3. **Agree** that the functions of the Committee be specified in the Patents Act, and include providing advice to the Commissioner of Patents as to whether an invention claimed in a patent application is derived from or appears to be derived from Māori traditional knowledge, indigenous plants and animals or whether the commercial exploitation such inventions is or is likely to be contrary to Māori values;
4. **Note** that the establishment of a Māori Consultative Committee will result in additional costs for the Intellectual Property Office of New Zealand, estimated to be \$250 000 per year, and will require an increase to the Intellectual Property

Office of New Zealand's baseline (Vote Commerce: Registration and Granting of Intellectual Rights), and amendments will be made to baselines following the changes to the Patents Act 1953;

5. **Note** that the additional cost to the Intellectual Property Office of New Zealand will be recovered through third party revenue and there will be no overall impact on the government's operating balance;
6. **Agree** that this paper be released on the MED website as soon as decisions are taken;
7. **Invite** the Associate Minister of Commerce to issue instructions to the Chief Parliamentary Counsel to give effect to the amendments outlined in paragraph 2.

Hon Judith Tizard

Associate Minister of Commerce

Regulatory Impact Statement

Statement of the Nature and magnitude of the problem and the need for government action

The Intellectual Property Office of New Zealand does not have any formal system of consultation with Māori about patent applications it receives. The Royal Commission on Genetic Modification considered that an established system of consultation with Māori is necessary, The Royal Commission on Genetic Modification recommended (Recommendation 10.3):

“that a Māori Consultative Committee be established by the Intellectual Property Office of New Zealand to develop procedures for assessing applications, and to facilitate consultation with the Māori Community where appropriate.”

Cabinet has agreed, in its response to the Royal Commission recommendation, that a Māori Consultative Committee (the “MCC”) be established, but that its scope and role be confirmed following public consultation as part of Stage 3 of the review of the Patents Act 1953.

While it is difficult to estimate the number of patent applications that might be referred to the Committee, it is unlikely to be more than 40 – 50 applications per year. In the year ended June 30 2002 about 5700 patent applications were filed.

Statement of the public policy objective(s)

To provide an efficient and effective patent system that promotes innovation and economic growth while providing an appropriate balance between the interests of patent owners and the interests of society as a whole, complies with New Zealand’s international obligations and is consistent with the Crown’s obligations under the Treaty of Waitangi.

Statement of feasible options that may constitute viable means for achieving the desired objectives

Status Quo

There is no formal system of consultation between IPONZ and Māori about patent applications it receives.

Preferred Regulatory Option

The Patents Act will be amended to require the Commissioner of Patents to establish a Māori Consultative Committee. The functions of the Māori Consultative Committee will be specified in the Act as the following:

- providing advice to the Commissioner of Patents as to whether an invention claimed in a patent application is derived from or appears to be derived from traditional knowledge, indigenous plants and animals;

- providing advice to the Commissioner of Patents as to whether the commercial exploitation of such an invention is or is likely to be contrary to Māori values;

The advice provided by the Committee will assist the Commissioner of Patents to determine whether or not an invention meets the requirements for the grant of a patent, particularly in relation to inventions derived from Māori traditional knowledge, or that involve indigenous plants and animals.

Statement of the Net benefit of the proposal

Innovators/Businesses

It will be less likely that patents would be inappropriately granted for inventions involving traditional knowledge and indigenous plants and animals, and reduce the likelihood that Māori will have to face the costs of challenging such patents. Patent owners would be more certain that if a patent is granted that it will be valid.

Government

The establishment of the Committee will contribute towards meeting the Crown's obligations under the Treaty of Waitangi.

The Māori Consultative Committee will impose some extra costs on the IPONZ. The costs will depend on the number of applications the Committee considers. While this is difficult to estimate, the number of patent applications that might be referred to the Committee, it is unlikely to be more than 40 – 50 applications per year. IPONZ estimates that, on this basis, the cost of the Committee will be approximately \$250,000 per annum. As IPONZ operates on a cost recovery basis, any extra costs will be met from fees charged to applicants. The fees charged by IPONZ for the grant of a patent are in the range \$300 - \$400.

Society

This proposal goes some way towards meeting the concerns of Māori and others regarding the granting of patents over inventions involving traditional knowledge and indigenous plants and animals.

Consultation undertaken

A discussion paper entitled *Review of the Patents Act 1953: Boundaries to Patentability* was released in March 2002.

Government departments and ministries consulted about the proposal were: the Department of the Prime Minister and Cabinet; Te Puni Kokiri; Ministry of Agriculture and Forestry; Ministry of Consumer Affairs; Ministry of Foreign Affairs and Trade; Ministry of Justice; Ministry of Research, Science and Technology; and the Treasury.

No significant concerns were identified.

