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9 August 2019

Senate Standing Committees on Economics
PO Box 6100 Parliament House
CANBERRA, ACT, 2600

Attention: Committee Secretariat
Re: **Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Bill 2019**

N.P. Hauffe & Co. is a small to medium manufacturing business in Epping Victoria. We have been operating since 1954 as Manufacturing Engineers. During this period, we have been involved in the design and manufacture of a wide range of manufacturing products for the food industry, materials handling and storage, farm machinery, power transmission industry and the transport industry.

We understand that the Government intends to abolish the innovation patent system. We are strongly opposed to this course of action because the innovation patent system is integral to the success of our business.

Our intellectual property resides in points of difference in design and operation to our competitors. This includes incremental innovation. To protect such innovation with a standard patent can be very risky, time consuming and expensive. Relevantly, frequently our innovations have a limited market and a limited life of manufacture. As such, we require rapid and low-cost protection of our intellectual property.

For the reasons set out above, we have used the innovation patent system to successfully protect improvements to our tandem and single independent axle system. Specifically, we recently used the innovation patent system to cover changes made to our 'Simplicity Axle' system by the addition of a coil spring option to enable us to compete with axle systems of our competitors. The commercialisation of the new axle system required many months of static testing and dynamic testing. Without the protection of the innovation patent it would not have been possible to undertake such testing with confidence that another manufacturer could not copy our system. Clearly, the innovation patent system has been crucial to success of our business.

We believe that a second-tier patent system, such as the innovation patent system, plays a very important role in the success of small business because it allows the opportunity to conceptualize design, manufacture and market products quickly with confidence of obtaining a profit from an investment.

It is important to understand that innovation *per se* is not profitable and beneficial. In other words, no profit can exist until a product is manufactured and sold. Without cost effective IP protection, such as that provided by the innovation patent system, many businesses will have no incentive to conduct certain types of R & D that is the necessary forerunner of new and innovative products.

For the reasons set out above, we are strongly opposed to the abolition of the innovation patent system.

Yours sincerely,



Nevil Hauffe
Managing Director
N.P.Hauffe & Co
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