

Nath, Romy (REPS)

Submission No. 37

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Sent: Thursday, 28 April 2005 4:14 PM
To: Committee, SCIN (REPS)
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Subject: Inquiry into pathways to technological innovation

The Secretary
Standing Committee on Science and Innovation
House of Representatives

Dear Dr. Dacre,

Many thanks for giving me the opportunity to lodge this submission to the above Committee.

This reply is presented as a result of my own experiences as the owner of an Australian owned company, established in 1968, that relies on continuous innovation, research and development to increase our market share in both our Australian market and as an exporter of Australian developed technological products.

Our market share of the Australian market has been won against local and imported products and our export market share has increased substantially against entrenched companies from Germany, France, U.K. and South Africa.

In all of those markets it has been the innovation and commercialisation of our research and development that has been the major factor in our success and this has been reinforced by international patents on the leading edge technologies we have developed.

In this regard we have found our dealings with the "patents Office", now IP Australia, to be the greatest barrier to having our patents approved. Their lack of accountability in adhering to stated dead lines in their decision making process is most frustrating. Our present situation is that we are still trying to have a patent registered 12 years after lodgement in Australia. This compares to having the patent registered within 1 year in USA, South Africa, China and UK.

In today's business world of rapidly changing technology, any substantial delay in having patents accepted, negates the market advantage of having patent protection against world competitors, many of who are much larger than Australian companies and invest significantly more in research and development to gain international advantage for their products.

While it is the Commissioner of Patents who has the obligation to ensure that invalid patents are not granted, it is very obvious that the officers of IP Australia do not consider the commercial aspects of dealing with patent applications expeditiously to allow Australian companies to exploit their innovation within the time frame that technological advancement allows. As well as establishing a compulsory need for IP Australia to adhere to time frames, it would seem that there should be a mechanism that is triggered within IP Australia after a period of time has passed following a patent application, that allows the Commissioner of Patents, or his appointed representative, to become involved in the hearing process to allow it to be finalised in the shortest possible time.

The recourse to the legal system to attempt to recoup our losses against our international competitors, who have copied our technology over that 12 years that the patent hearings have taken, is another cost and a distraction from operating our business in a proactive rather than a reactive way.

I appreciate that this introduces a condition on IP Australia that presently does not exist but, if we as Australian manufacturers and exporters of world leading technologies, cannot obtain a commercial return on the investments we make in research and development using the protection a patent provides us, we will see our investment in R & D and exports decline substantially.

Patents are an important tool in the import replacement and the export markets as they provide us with protection of our technology for a period of time that allows us to;

- 1 Establish ourselves in the national and international markets using world's leading technologies.
- 2 Build customer relationships quickly as Australian technology is shown to benefit a customers business.
- 3 Provide an income stream that allows ongoing investment in business growth and employment as a result of the commercialisation of our increased research and development.
- 4 Provides greater opportunities to be invited by our clients to address other areas of their operations where they see that Australian innovation may benefit their business.
- 5 Enables Australian companies to network to obtain greater benefits than that possible in acting alone.

2/05/2005

Having been in business for 38 years, and grown my company fro 2 to over 400 employees, I have seen the window of economic return on technological investment decrease from 15 years in the 70's, to 10 years in the 80's, to 5years in the 90's and now it is between 3 & 5years. For Australia to be able to react and take advantage of our innovation for import replacement savings and export earnings, we need to have an expeditious patent processing organisation based on today's needs where IP Australia is aware of, and involved in, the exploitation of the innovation from all of the Australian organisations involved including companies, CRC's, Universities, CSIRO and collaborative groups, in the shortest possible time.

Over the years there have been changes made that has assisted our export growth, some of these being;

- 1 The efforts of Austrade who have contributed in many ways to introducing companies products and services to overseas clients.
- 2 The move to have Australian standards compatible with nationally recognised standards such as IEC etc.
- 3 The efforts of Engineers Australia to gain multi national acceptance of Australian engineers and their qualifications and their increased involvement in Asian and international organisations such as CAFEO {Confederation of Asian Engineering Organisations} and WFEO [World Federation of Engineering Organisations]. This has played a significant part in raising the standing of Australian engineers and engineering world wide.
- 4 The assistance that EFIC provides to Australian companies to minimise their financial risk in doing business with overseas companies.
- 5 The support given to Australian companies by the major banks in recognising their export orders as an asset against which they will provide finance to assist them in their cash flow during projects.
- 6 The Export Market Development Grants scheme which has assisted my company greatly in funding the costs of establishing ourselves in markets where we were relatively unknown.
- 7 The establishment of FTA's with countries critical to Australia's economic future.

We now need to reconfigure IP Australia to be as beneficial to our exporters of Australian innovation, research and technological development as the above initiatives have been.

I sincerely thank you for the opportunity to present this submission for your consideration.

An additional submission covering other aspects for your consideration will be lodged by Mrs. Leanne Hardwicke of Engineers Australia.

Kind regards,

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National Deputy President
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