Questionnaire May 2003

Q178 – Scope of Patent Protection

Answer of the Hungarian Group

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I. Legal framework in Hungary

Hungary has joined EPC with an effect of 1st January 2003. As a preparatory work of joining, a new Patent Act has been issued in 1995 (effective from 1st January 1996) which is well harmonized with EPC. This Act has been amended with effect of 1st January, 2003 in full line with EPC, including the provisions of The Revision Act of the EPC. This involves that patentable inventions are defined in line with Article 27(1) TRIPS.

Hungary is a member state of UPOV as well, which means that a specific protection can be obtained for plant varieties.

It is worth noting here that economic, technical and organizational knowledges and experiences of financial value (further on: know-how) are protected in Hungary by Articles 86 and 87 of the Civil Code.

II. Answers to the Questionnaire

1. Which are the technical fields involved?

Prior to responding to the subquestions under the above heading the interpretation and definition of the term "technical" should be discussed.

As indicated by the court decisions referred to in the Questionnaire, under US practice the term "technical" appears to be interpreted as "practical opposed to theoretical". Neither EPC nor the Hungarian Patent Act gives a specific definition for this term, thus this term should be interpreted according to its ordinary meaning. Although linguistic analyses go far beyond the scope of this paper, it can be stated that in Hungary, like in other European countries, the interpretation of "technical" is narrower than given above, and is closely connected to *natural sciences.* The first meaning of "technical" as given in a Hungarian dictionary of definitions is "connected to or related with the use of natural sciences in (industrial) production"; and on this basis "technics" can be interpreted as "practical utilization of natural sciences opposed to practical utilization of other branches of science or other activities". This definition excludes not only theories and other abstract ideas, but also useful, concrete and tangible results which appear in a field other than natural sciences, e.g. in the field of arts, education, business, etc.

In its decision "Red Pigeon" (Rote Taube) the German Supreme Court has defined, for patentability purposes, the term "technical" as follows: *"An invention can be considered as technical when, for arriving at a causatively surveyable result, it* ***uses controllable natural forces"***. This definition appears to be very suitable, since it reflects not only that "technical" is

- practical ("use"), and
- related with nature and natural sciences;

but at the same time it also refers to the moral limits of patentability, because human beings, for moral reasons, must not be subject to control of monopoly rights.

Analyzing this latter point, a human being is

- a physical entity, with the consequence that interventions practised on the human body shall be unpatentable,
- a mental entity (the only being capable of mental activities), with the consequence that mental activities shall be unpatentable, and
- a social entity (the only being capable of social life), with the consequence that social activities shall also be unpatentable.

The above "negative analysis" is a good approach to the exceptions to patentability in Hungary; thus, in the following we shall interpret the term "technical" as given in the "Red Pigeon" decision of the German Supreme Court.

1.1 Which are, in your view, the fields of technology in particular affected by recent discussions concerning the scope of patent protection?

Biotechnology.

Computer software and business methods, as such, cannot be regarded as technical.

1.2 What makes this field of technology special compared to other fields of technology in the context of this discussion?

It covers subject matter which cannot be regarded as technical or susceptible to industrial application or on which, due to moral reasons, no monopoly right can be granted.

2. Definition of patentable subject matter

2.1 What is the definition of patentable subject matter in your jurisdiction? Do different definitions apply in various fields of technology? If so, what are the differences?

According to Article 1, paragraph (1) of the Hungarian Patent Act
"Patents shall be granted for any inventions on any field of technology which are new, involve inventive activity and are susceptible to industrial application."

The Hungarian Patent Act contains also provisions for obtaining protection on plant varieties under UPOV. A protectable plant variety should be distinguishable, uniform, stable and new.

2.2 What are exceptions from patentability?

(a) In Article 1, paragraph (2) of the Hungarian Patent Act there is a *non-exhaustive* list of unpatentable subject matter as follows:
- discoveries, scientific theories and mathematical methods,
- aesthetic creations,

- schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers,
- presentation of information.

However, in Article 1, paragraph (3) it is stressed that the patentability of these subject matters is excluded only to the extent to which a patent application relates to said subject matter **as such**. This means, in harmony with the respective EPC decisions, that when the otherwise excluded subject matter is a part of or is connected to a technical solution, it is patentable.

(b) A further, again *non-exhaustive* list of unpatentable subject matter is given in Article 5, paragraph (2) as follows:
- methods for treatment of the human or animal body by surgery or therapy,
- diagnostic methods practised on the human or animal body.

However, this paragraph states further that this provision does not apply to products, in particular substances (compounds) or compositions, for use in such methods.

(c) Article 5/A, paragraph (3) excludes from patentable inventions
- the human body,
- mere discovery of any part of the human body, including the mere discovery of a sequence or subsequence of a gene.

(d) Article 6, paragraph (2) excludes from patentability those inventions the exploitation of which is contrary to public order or morality. It states further, however, that "exploitation cannot be regarded as contrary to public order merely because it is contrary to a legal provision".

2.3 What is the reasoning behind those exceptions?

(a) Exceptions listed under this point are not regarded as technical (see the interpretation of the word "technical" above).

(b) Exceptions listed under this point are not regarded as susceptible of industrial application because they are in the closest possible connection with healing (which cannot be regarded as an industry) and integrity of a living entity (which cannot be monopolized, due primarily to moral reasons).

(c) and (d) Here the reasons are clearly moral; furthermore a mere discovery, belonging rather to theory than to practice, is not regarded as technical.

3. What is the effect of this definition on activities concerning patent protection?

3.1 Is the scope of protection sufficient or does it lack opportunities for further protection? This includes economic aspects for the users as well as for the public in general regarding various technologies.

The scope of protection provided by Hungarian legislation appears to be sufficient (see also the last part of point 4.3 below).

3.2 If the scope of protection is not sufficient, how does this affect the users' policy on patenting? Does this also have an impact on research policy?

See point 3.1 above.

3.3 What are obstacles from political or social sources outside the purely legal field which play a role in research and patenting*?*

Some "pro-life", "pro-earth" etc. groups are clearly against patenting of any form of living matter; but their activity is rather marginal. However, the present exemptions from patentability relating to human life, body and mental activities are based on a wide social consensus. It is generally accepted that neither human life as such, nor human body as such, nor human mental activities as such should be subject to or restricted by monopoly rights.

3.4 How should new kinds or categories of inventions be treated? Should there be an enlargement of patent protection? If so, what are the reasons?

Enlargement of patent protection appears to be unnecessary (see further the last part of point 4.3 below).

3.5 If you find the range of patentable subject matter too wide, how should it be limited? What would be the reasons for such a limitation? What do you see as the positive effects of such a limitation?

We do not find the range of patentable subject matter too wide.

4. Further points of discussion

4.1 Which upcoming problems do you see specificially as a result of a change of the scope of patent protection regarding the requirements for patentability, in particular novelty and inventive step?

- discussed together with
4.2 What are specific problems of the granting proceedings (search, examination) if the scope of patent protection is enlarged?

We deem that, in particular in the field of computer programs and business methods, novelty and inventive step are practically unsearchable. This involves that any patent granted eventually on these activities will be weak in the sense that it can easily be nullified due to lack of novelty and/or inventive step. We doubt whether opening a possibility for a monopoly right which is easy to obtain but just as easy to loose really serves the interests of the inventors. Moreover, computer programs and business methods are typical fields of activities which, when published or otherwise put on the market, are very easy to copy. Therefore very quick and resilient measures are required to provide an effective protection, which cannot be ensured by a rather lengthy patenting procedure, where some years may pass between publication and grant. On the other hand, due to the uncertainties in novelty and inventive step examination, it would be rather risky for both parties when enforcement measures would be allowable just on the day of publication. As a further issue, computer programs and business methods are typical activities which develop very quickly and might be even outrun on the day of grant. Due to their rapidly developing nature the question also emerges whether it has any use to grant decades as monopoly period for such solutions.

It is also to be mentioned here that men of ideas seek for obtaining patent protection for other mental activities, e.g. rules of games, entertainment programs, shows etc. The doubts and difficulties outlined above also hold for these fields.

With biotechnological inventions the situation is different, because the difficulties in searching and their negative consequences does not appear there. However, in Hungary there is no problem in patenting biotechnological inventions. Article 5/A of the Hungarian Patent Act gives a clear definition for patentable biotechnological inventions in harmony with the respective regulations of the EPC, which is rather broad and excludes only the human body, furthermore a mere discovery of any part of the human body, including the mere discovery of a sequence or subsequence of a gene. As it has already been discussed under point 3.3 above, these exclusions are based on a wide social consensus.

4.3 What do you see as possible solutions for these problems? Would further harmonization of the laws help to solve such problems, and, if so, in which way?

The Hungarian practice indicates, like the European one, that with reasonable exemptions biotechnology can be fit in the frame of patenting.

With computer programs and business methods the situation is different. Even if the term "technical" is interpreted in the US way, which does not exclude such inventions from patentable ones, the value of these patents is rather questionable due to the reasons presented under points 4.1 and 4.2 above. Nevertheless, inventions elaborated in these fields are valuable, and the inventors need justified protection and reward. Thus we deem it more appropriate to find alternative forms of protection fitted to the particular nature of these inventions rather than forcing them into a non-fitting frame.

Alternative forms of protection available under Hungarian legislation are e.g.:

- copyright law: applicable primarily to get protection for aesthetic creations and *computer programs*;

- know-how protection under the Civil Code: applicable primarily to get protection for business methods; computer programs and certain schemes, rules and methods for performing mental acts may also be subject to know-how protection;

- competition law: applicable primarily to get protection for business methods and presentations of information; certain schemes, rules and methods for performing mental acts and certain computer programs may also be subject to competition law.