

Patent Box Consultation – Feedback and Comments

Multigate Medical Products Pty Ltd

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Multigate Medical Products Pty Ltd (**Multigate**) has been dedicated to the creation of medical and surgical products for over 30 years, primarily supporting the Australian hospital industry with critical medical supplies. Our product range includes procedure packs, surgical gowns and apparel, surgical drapes, wound dressings, and other medical and surgical instruments, equipment and accessories.

As an Australian-based business which conducts much of its R&D and product development in Sydney, Multigate is overwhelmingly supportive of the Patent Box initiative. We are committed to the commercialisation of home-grown inventions and innovations in the medical arena and hence believe we are very well suited to assist the Government to achieve its objectives of keeping R&D operations in Australia and retaining eligible patented inventions in Australia.

Furthermore, Multigate is an Australian-owned business, employing over 450 employees in Australia in our design, production, manufacturing, distribution, quality and compliance and sales teams.

Multigate frequently competes with foreign multinational corporations which are significantly larger than us (20 to 100 times our size). As such, compared to a primarily Australian market focused company (such as Multigate), the multinationals have significantly more buying power, R&D budget and resources, which places Multigate at a significant disadvantage from the outset. Therefore, in order to remain competitive, we need to continually invest in R&D to be at the forefront of the industry, innovation being a core pillar of Multigate's strategy. In addition to this, scaling our business internationally is important for Multigate in order to achieve economies of scale and design & innovation are key to ensuring international growth can be successful. The proposed Patent Box initiative is the exact assistance / encouragement we need.

In our review of the proposed initiative, we would like the Government to consider the following:

1. Keep the application process for the scheme simple. Multigate has resources and systems to track an idea from conception, through R&D and commercialisation to product sales. However, any scheme which is not simple with clear rules in the application process for a concessional rate could lead to complex administration and prohibitive costs.
2. We would like the Government to consider applying the scheme to patent applications applied for a period before 11 May 2021. We have already made significant investments into intellectual property protection and product development prior to this date and are continuing to invest in the development of these products.
3. There are other commercialisation avenues that can lead to product development and can include significant investment which may not include direct ownership of the IP. As an example, we can partner with or licence technology from a third party but still conduct much of the R&D required to commercialise the product and bring the product to market. Ownership of the IP is a key indicator but it is not the only indicator and we suggest that Government consider other commercial arrangements that will incentivise an Australian company commercialising an invention in Australia, producing jobs and export products.
4. It is not clear how the concessional rate will be applied. We presume this will be clarified once the scheme is rolled out but we would welcome the opportunity to provide feedback on this prior to finalisation of the scheme.
5. The Government should also consider making the Patent Box into a broader “IP Box” that can for example, include Design registrations or creations that can attract copyright protection. Trademarks should also be considered as these are an indicator that a product is going to enter the market. Further to this, the discussion paper limits the patent Box to inventions claimed in a standard patent – it is unclear whether this would be extended to inventions claimed in an innovation patent too. These are important issues which could make a substantial difference to Companies such as ours which are committed to innovation and production in Australia.



We look forward to receiving further news of the development of the scheme and would be happy to provide further assistance and feedback, if required.

Yours faithfully

Ben Chen
Chief Executive Officer