

INTELLECTUAL PROPERTY LAWS AMENDMENT BILL

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Introduction

1. These drafting instructions relate to amendments to the *Patents Act 1990* ('Patents Act'), the *Trade Marks Act 1995* ('Trade Marks Act') and the *Designs Act 2003* ('Designs Act'). They are further to the instructions dated 27 November 2009.

2. The amendments to intellectual property legislation covered by these instructions result from a series of consultation papers released by IP Australia during 2009, accessible from http://www.ipaustralia.gov.au/resources/news_new.shtml#41:

- 'Streamlining the patent process'
- 'Flexible search and examination'.

3. The broad aim of these reforms is to improve the fit and function of the Australian intellectual property (IP) system.

4. General principles that IP Australia intends to apply with respect to application provisions are given in Annex 1 of the instructions dated 27 November 2009.

1 Streamlining the patent process

1.1 Removing unnecessary differences

1.1.1 Novelty—whole of contents

Background

5. Under Australian law, the novelty of a claimed invention is assessed by comparing the claims in a patent application under consideration with the ‘prior art base’.¹ Schedule 1 of the Act sets out the prior art base for this purpose as including, *inter alia*, information in a document that is publicly available, whether in or out of the patent area. Thus, any document that was publicly available anywhere in the world at the priority date of the claim under consideration may be considered when assessing novelty.

6. Schedule 1 further provides that information contained in certain published Australian patent specifications may also be taken into account when assessing novelty, even if they are not published until after the priority date of the claims under consideration, subject to certain conditions. This is often referred to as a ‘whole of contents’ novelty consideration.

7. The three conditions under which information contained in a published Australian specification may be considered in a whole of contents novelty consideration are:

- if the information is, or were to be, the subject of a claim of the specification, the claim has, or would have, a priority date earlier than that of the claim under consideration
 - the specification was published after the priority date of the claim under consideration
- and
- the information was contained in the specification on its filing date and when it was published.

8. Notably, under Australian law this information must be contained in the specification at both its filing and publication dates.

9. Article 54 (3) of the *European Patent Convention 1973* (‘EPC’) provides for a similar ‘whole of contents’ novelty consideration of published European patent applications, but in contrast to Australian law the content of the earlier application *at its filing date only* is taken into account.

10. The Australian approach introduces a level of extra complexity for users without significantly adding to the quality of granted patents. IP Australia therefore seeks to align Australian practice with that of the US and Europe, and reduce complexity for users of the Australian system.

Instructions

¹ Section 7 (1) of the Act.

11. We seek an amendment of the Act to establish that, for the purpose of determining ‘whole of contents’ novelty, regard is given to the information contained in a published specification as filed.

12. IP Australia considers that this could be achieved by amendment of the definition of ‘prior art base’ in Schedule 1 of the Act (Dictionary). In particular, s (b) (ii) (C) could be amended to require that information was contained in the specification on its filing date (that is, the current further requirement that the information was contained in the specification *when it was published* could be deleted).

13. The amendment is intended to provide that all information contained in the specification as filed may be taken into account when determining the novelty of a subsequent patent application. This is intended to include any information removed by amendment subsequent to filing, even if prior to publication of the application.

14. The amendment is not intended to change in any other way the prior art base in relation to novelty (including other requirements for whole of contents novelty), inventive step and innovative step, or the tests for determining such in view of the prior art base.

1.1.2 Product-by-process claims

Background

15. Long standing Australian practice has been to interpret a ‘product-by-process’ claim (i.e. ‘product X obtained by process Y’) as being limited to the product only when obtained by that means and not to the product *per se*. This means that if the process was new, claims to the product of the process would be new even if the product *per se* was already known. Recent court cases relating to pharmaceutical extensions of term have confirmed this interpretation.²

16. Australian practice is consistent with UK practice prior to 2005. However, under recent developments in UK law³, product-by-process claims are now construed as defining the product *per se*. That is to say, that a product must be new in order to be patentable, and a difference in the method of manufacturing an identical product does not make the product new. This is consistent with the approach of the European Patent Office.⁴

17. In particular, the UK court noted that protection for the products of patented processes is codified in both the UK and EP legislation (s 60 (1) (c) of the UK *Patents Act 1977* and Art 64 (2) of the EPC). Thus there is no need to rely on product-by-process claims to ensure that protection of an inventive process extends to the product of that process. Consistent with this decision, under UK and European law product-by-process claims are objected to for want of novelty where the product is not ‘new’ (or is indistinguishable from the prior art product). Similar practice also applies in the US.

18. Similar codification has occurred in Australian law with the definition of the word ‘exploit’ in the Patents Act. However court precedent means that we are unable to interpret product-by-process claims in Australia in the same way that they are interpreted elsewhere.

² *Pharmacia Italia SpA v Mayne Pharma Pty Ltd* [2006] FCA 305 and *Boehringer Ingelheim Internationale GmbH v The Commissioner of Patents* [2000] FCA 1918.

³ *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd* [2005] RPC.

⁴ See for example, Decision T 150/82 *International Flavors and Fragrances Inc* [1984] OJEP 309.

Instructions

19. We seek an amendment of the Act to establish that, if a claim defines a product in terms of the method or process by which the product is produced, the claim will be construed as defining the product *per se*, that is, the product whether produced by that method or process, or by any other method process.

20. So in the case of a claim to a known product which is defined in terms of a new and inventive method of production, under this new construction, the claim to the product would lack novelty if the product is inherently the same as, or indistinguishable from, a prior art product.

21. The provision is intended to ensure that the patentability of a product relies on the characteristics and features of the product itself, and not on the process by which it is made. If a process does not impart distinctive characteristics onto a prior art product, then the patentability of the process would likely not be enough to render claims to the product as patentable. For example, where the process is simply a more efficient way of making a prior art product, the patentability of the process would not contribute to the patentability of the resulting product. In contrast, where the process changes the features of the product, for example changes the chemical make-up of the product resulting in a new compound, then the product may well become patentable.

1.1.3 Omnibus claims

Background

22. Omnibus claims define an invention by reference to the whole or a part of the body of the patent specification, such as the drawings, figures or examples. In Australia, such claims are often drafted very broadly, using, for example, broad terminology such as ‘substantially as described herein with reference to the examples’ rather than limiting the claim to specific features in drawings or examples. This can lead to a lack of clarity as to the precise scope of the claim.

23. Such claims are allowed in only a few jurisdictions, including Australia and the UK, and are generally not allowed under US law, the EPC or the *Patent Cooperation Treaty 1970* (‘PCT’). The European Patent Office does allow some claims that rely on references to the description, figures or drawings, but only where reference to a specific part of the specification is absolutely necessary in order to concisely and clearly define the invention.⁵ Examples are where the invention involves a peculiar shape which is disclosed as a drawing, or a chemical feature that can only be defined by graphs or diagrams. References can only be to specific and tightly defined features within the description, drawings or figures, and cannot be broad references to the whole of, or broadly defined parts of, the specification. Similarly, in the US claims using incorporation by reference are permitted only in exceptional circumstances where there is no practical way to define the invention in words and where it is

⁵ Rule 29(6) of the EPC sets out that ‘[C]laims shall not, except where absolutely necessary, rely, in respect of the technical features of the invention, on references to the description or drawings. In particular, they shall not rely on such references as: "as described in part ... of the description", or "as illustrated in figure ... of the drawings”’.

more concise to incorporate by reference rather than duplicating a table or diagram in the claim.⁶ Similar requirements apply to applications under the PCT.⁷

24. The reason that omnibus claims are generally not allowed in most parts of Europe and in the US is because it is difficult to determine what the claims define without delving into the body of the specification. Even with reference to the body of the specification, drawings or figures, it is often difficult to determine exactly which features fall within the scope of such claims. This is contrary to the principle that claims should stand alone and should not be unduly complex or difficult to construe. For this reason, in the US, omnibus claims are objected to on the basis that they are ‘indefinite’ and ‘fail to point out what is included or excluded by the claim language’.⁸

25. Moreover, while omnibus claims can provide a safety net, there are only a very few cases in which the patentee needed to rely solely on an omnibus claim in court proceedings.⁹ Accordingly, it is questionable whether the value of these claims offsets the costs associated with allowing claims that are inconsistent with most other jurisdictions.

Instructions

26. We seek amendment of the Patents Act to establish that the claims shall not, except where absolutely necessary, rely on reference to the description and/or drawings.

27. One means of achieving the desired outcome would be to include the new provision in s 40 (‘Specifications’). The provision is intended to apply in a similar manner as the corresponding EPC rule, which is that claims shall not, except where absolutely necessary, rely on references to the description or drawings.¹⁰ Thus, an omnibus claim will not be allowed unless it is absolutely necessary in order to clearly and concisely define the invention. The key consideration as to whether reference to the whole or part of the specification is appropriate is intended to be whether there is no other practical way to define the invention in words. For example, where the invention is a compound that can only be defined by reference to a spectroscopic profile.

28. Amendment of s 102 (2) (b) may also be required. This would ensure that an amendment to a specification following acceptance would also need to meet the requirements of the new provision.

1.1.4 Clarification of the unity of invention requirement

Background

29. The claim or claims defining the invention are required to relate to one invention only—s 40 (4). This ‘unity of invention’ requirement serves two main purposes:

- It prevents applicants from securing patent protection for multiple disparate inventions while only paying one set of filing, examination and renewal fees.

⁶ *Ex parte Fressola*, 27 USPQ2d 1608 (Bd. Pat. App. & Inter. 1993)

⁷ Rule 6.2 (a)- this is essentially the same wording as EPC Rule 29(6).

⁸ US Manual of Patent Examination and Practice – 2173.05(r) Omnibus Claims.

⁹ See for example *Raleigh Cycle Co. Ltd. v H Miller and Co. Ltd.* (1948) 65 RPC 141.

¹⁰ Rule 29(6) of the EPC.

- It makes searching of patent documents easier, as there will be some assurance that each patent relates to a single invention only.

30. While non-compliance with this requirement is a ground for refusing a patent application, it is not a ground on which an accepted application may be opposed or a ground on which a patent may be revoked.

31. Unity of invention has been a long-standing requirement of Australian patent law, and is a standard feature of patent systems throughout the world. There is no Australian case law setting out a clear test for unity of invention.¹¹ In fact, it has been held in relation to similarly worded UK provisions that unity of invention is not a question which can be decided on any principle, but rather can only be decided with reference to the facts of each particular case.¹²

32. IP Australia's approach in recent years has been to assess unity of invention by applying the approach used under the PCT¹³ of which Australia is a contracting party.

33. Rule 13.1 of the Regulations under the PCT is as follows:

The international application shall relate to one invention only or to a group of inventions so linked as to form a single inventive concept ('requirement of unity of invention').

34. This approach ensures that Australia's interpretation of the unity requirement is consistent with international approaches. However, a weakness with this approach is that there is no certainty that it would be found to be appropriate if tested by a court, particularly given the difference in wording between s 40 (4) and Rule 13.1.

Instructions

35. We seek amendments to the Patents Act to more closely align the wording of s 40 (4) of the Act with that of Rule 13.1 of the Regulations under the PCT.

36. Section 40 (4) should be amended to clarify that for the purpose of the subsection, the claim or claims are taken to relate to one invention if they relate to a group of inventions so linked as to form a single inventive concept.

37. The term 'inventive concept' is not defined in the Act, and we do not require the insertion of a definition when this amendment is made. Instead, the Explanatory Memorandum accompanying the amending Bill will explain that the intent of the amendment is that the phrase would be interpreted in the same manner as it is under the PCT, and will summarise how that test is interpreted.

Affected provisions and consequential amendments

38. We are not aware of any consequential amendments that are needed. However, stakeholders have expressed concerns in this regard, so we seek your advice whether and

¹¹ See *Societe Des Usines Chimiques Rhone-Poulenc v. Commissioner of Patents* [1958] HCA 27 at [36] ff; (1958) 100 CLR 5 (5 June 1958) per Fullager J; *Re Application by Hoechst Aktiengesellschaft (No. 2)* 11 IPR 433 at 436; [1988] APO 1. We are not aware of any later cases setting out any test.

¹² *North Western Gas Board's Application* [1972] RPC 597 at 599.

¹³ A treaty administered by the World Intellectual Property Organisation, Australian Treaty Series Number [1980] ATS 6.

what consequential changes might be required, with particular attention to ss 40 (1), 40 (2) (a), 40 (2) (b), 43 (3) and 81.

1.1.5 Disregarding earlier applications under the Paris Convention

Background

39. As a member of the Paris Union, established under the *Paris Convention for the Protection of Industrial Property 1883* ('Paris Convention'), Australia allows patent applicants to rely on an earlier application filed in another Paris Convention country for priority, provided that the complete Australian application is filed within 12 months of the earlier (first) application and that the earlier application is the first application filed in respect of the invention claimed in the complete application.

40. On occasion, an applicant will seek instead to rely for priority on a second application, filed later than the first application, but prior to the complete Australian application. In such cases, Australian legislation enables the earlier application to be disregarded, provided that the applicant makes a formal request to the Commissioner of Patents to disregard the first application and the second, later application has been filed in the same country as the first, earlier application.

41. Other jurisdictions automatically disregard earlier applications when those applications meet certain basic requirements under the Paris Convention, that is, the earlier application has been withdrawn, abandoned or refused without becoming open to public inspection and without leaving rights outstanding or serving as a basis for claiming priority. In addition, a number of other jurisdictions also permit previous first applications to be disregarded even if they were filed in a different Convention country to the second application.

42. In Australia, invalidity can result where the applicant fails to request that the first application be disregarded, files a second later priority application in a Convention country and then files their Australian complete application more than 12 months after filing the first application. Invalidity can also result where the first application is filed in a different Convention country to the second application.

43. In these circumstances, under Australian law the Commissioner continues to regard the first application as the priority application, with the result that the applicant cannot rely on either the first or second application for priority. The applicant cannot rely on the first application, because the complete application was not filed within 12 months of the first application. Nor can the applicant rely on the second application for priority, because the second application is not regarded as the first application filed in respect of the invention claimed in the complete application. Thus the priority date of the complete application would not be the earlier date of the first or second applications. Documents published and disclosures made between filing of the first or second applications and the complete application then become relevant to the validity of the application.

44. To improve alignment between Australian patent law and practice and other jurisdictions, and to reduce risks for applicants, we would like to amend s 96 of the Patents Act to remove the requirement that an applicant needs to request that the Commissioner disregard the earlier basic application where the application has been withdrawn without becoming open to public inspection.

45. We also want to allow previous first applications to be disregarded even if the later application were filed in a different Convention country.

46. Our proposed changes will not affect the way in which applications are otherwise considered under the Paris Convention or the PCT.

Instructions

47. We would like to amend s 96 of the Patents Act to allow an earlier application to be automatically disregarded by the Commissioner where the application has been withdrawn, abandoned, refused or lapsed, without being open to public inspection and without leaving any rights outstanding, and if it has not yet served as a basis for claiming a right of priority.¹⁴

48. We would also like to amend s 96 (1) (d) to clarify that the earlier application may be disregarded even where the later application has been made in a different Convention country.

49. We want to retain the requirement in s 96 (2) (b) that this earlier disregarded application may not be used as a basic application under the Paris Convention.

Affected provisions and consequential amendments

50. Amendments are required to section 96 as outlined above.

51. Amendments may also be needed to regulation 8.6.

1.2 Simplifying processes

1.2.1 Simplifying the grant process

Background

52. Under the Patents Act, grant of a patent is achieved by the Commissioner sealing a document—the ‘patent’.¹⁵ Under certain circumstances the Commissioner may seal a duplicate of the patent.¹⁶ We understand the reference to ‘sealing’ in the Patents Act as requiring physically affixing a seal to a document *after* the document has been printed in its final form. Our understanding is that it is *not* possible to print the seal on to the document at the same time as the other particulars are printed on to the document.

53. In contrast to patent grant, registration of a trade mark does not require the sealing of a physical document—rather, a trade mark is registered by entry of certain particulars in the Register of Trade Marks¹⁷ and the trade mark owner receives a certificate of the registration.¹⁸ Corrections¹⁹ or amendments²⁰ are made to the particulars in the Register, and the Registrar may amend the certificate of registration consequentially if he or she thinks it

¹⁴ Please see art 4C (4) of the Paris Convention for a provision that uses similar wording to achieve the effect we intend. See also art 87 (4) of the EPC and s 5 (3) of the *Patents Act 1977* (UK).

¹⁵ Sections 61 (1) (standard patents) and 62 (1) (innovation patents).

¹⁶ Section 66, Patents Act.

¹⁷ Section 69, Trade Marks Act.

¹⁸ Section 71 (b), Trade Marks Act.

¹⁹ Section 81, Trade Marks Act.

²⁰ Section 83 (1), Trade Marks Act.

appropriate to do so.²¹ This is a simpler and more efficient process than that under the Patents Act, which is better aligned with today's electronic document management systems.

54. We seek to implement a system of grant for patents which is similar to the current system of registration for trade marks. We consider that if a patent was granted by entering the relevant particulars on to the Register, instead of by physically sealing the patent, it would provide for a simpler and more efficient administrative process. A patentee would no longer receive a sealed patent, but would instead receive a 'certificate of grant'. Instead of a two-step sealing process, a certificate of grant could be printed in one step.

55. Similarly, where amendments or corrections are made to the Register, instead of sealing a duplicate patent, the Commissioner would notify the patentee via an official notice. If the patentee returned the original certificate of grant the Commissioner would have the discretion to provide the patentee with an amended certificate.

Instructions

56. We seek amendments to remove the requirement for the Commissioner to grant a patent by sealing it in the approved form. Instead, grant should occur on entry of the particulars of the grant in the Register. We envisage that this could be achieved by amending s 61 (1) so that the Commissioner must grant a standard patent by registering the particulars of the patent in accordance with s 187 (1).

57. Similarly, we envisage that s 62 (1) could be amended to provide that the Commissioner must grant an innovation patent by registering the particulars of the patent in accordance with s 187 (2).

58. We seek amendments providing that, upon granting a standard or innovation patent, the Commissioner must give to the patentee a certificate of grant in the approved form. We envisage that this would be similar to s 71 (b) of the Trade Marks Act.

59. We also seek to repeal s 66 of the Patents Act. Regulation 10.7 (6) gives the Commissioner the discretion to amend an entry in the Register to correct a clerical error or mistake. In these circumstances the Commissioner can then decide whether or not to issue the patentee with an amended certificate.

Related proposals

60. There is a related proposal (see paragraph 1.2.2 below) to simplify the amendment of information given to the patent office in respect of a patent application. The policy objectives of this proposal are similar (ie to streamline administrative processes and facilitate electronic records management).

61. There is a related proposal (see paragraph 1.3.1 below) to provide the Commissioner with the power to rectify the Register to correct, *inter alia*, patent entitlement issues. This power will replace that existing under reg 10.7 (6).

Affected provisions and consequential amendments

62. There are a number of other provisions of the Patents Act that refer to 'sealing':

²¹ Section 91, Trade Marks Act.

- Section 4 (Table 1)
- Section 79 (1)
- Section 81 (3)
- Section 135 (2)

63. As patents will no longer be ‘sealed’, these provisions will require consequential amendments. Note that the consequential amendments should ensure that these provisions apply to both patents granted under the current regime (grant by seal) and patents granted under the new regime (grant by registration of particulars). We consider that ‘seal’ could be replaced with ‘grant’, which should capture both patents granted under the current regime and the new regime.

64. There are a number of provisions that provide for an amendment to the ‘patent’, ie the physical document that is sealed under the current provisions:

- Section 105 (1) and (6)
- Section 215 (3)
- Section 228 (2) (f)

65. We consider that these provisions will require consequential amendment to provide that the particulars entered in the Register, not the ‘patent’ itself be amended.

66. We note that s 206 provides that there be a seal of the Patent Office and that the Dictionary in schedule 1 defines ‘sealed’ as meaning ‘sealed with the seal of the Patent Office’. We do not consider it necessary to repeal these provisions, as it is desirable that the Commissioner retain the option of sealing documents, even though this option is likely to be used rarely once the new regime takes effect.

67. Please note that there are a number of other types of ‘certificates’ that may be required or permitted to be issued under the Act:

- A court may issue a certificate of validity.²²
- The Commissioner must issue a certificate of examination for innovation patents in certain circumstances.²³
- The Director of Safeguards may issue a certificate that a patent specification contains ‘associated technology’ within the meaning of the Safeguards Act.²⁴

68. Obviously, the above certificates should be separate from the proposed certificate of grant. We consider that it will be clear from the existing provisions that the above types of certificates are separate to the proposed certificate of grant and consider it unlikely that they

²² Section 29, Patents Act.

²³ Section 101E (e), Patents Act.

²⁴ Section 147 (2), Patents Act

will be confused with each other. Accordingly, we do not see the need for consequential amendment.

69. We also note that the Patents Act refers to ‘certify’ or ‘certified’ in a number of instances (ss 19, 101G (1), 101M, 120 (1A), 126 (1A), 129A, 130, 133 (1A), 138 (1A), 169 (4) and 178 (1A)). We consider that the definition of ‘certified’ in Schedule 1 of the Patents Act would make it clear that these references do not refer to the proposed certificate of grant. Accordingly, we do not consider that the existing references to ‘certify’ or ‘certified’ will require consequential amendment.

1.2.2 Simplifying the amendment of particulars

Background

70. When a person makes a patent application they must file a patent request, a specification and any other prescribed documents.²⁵ They must also file various other documents in relation to the application (eg a notice of entitlement) at later stages. Current office practice is to enter most of the particulars specified in the patent request and other documents into an electronic database, while also storing electronic versions of those documents (as permitted by the *Electronic Transactions Act 1999*). In contrast the parts of the specification – the description, claims, figures or drawings and sequence listing, are stored as electronic documents.

71. In the course of a patent application there is often need for an applicant to amend the particulars in the patent request or other filed document (applicant name, inventor names and the like). Part 2 of Chapter 10 of the Patents Act, which provides for amendments, specifically refers to amending the ‘patent request’, ‘request’ or ‘any other filed document’.²⁶ On their face, these terms refer to actual *documents* (which would include electronic documents) that are filed with the Commissioner, rather than the information or details specified in the document. The provisions appear to require that the document be manually amended or replaced. Amendment of the particulars entered into database alone would not meet the requirements of the legislation.²⁷

72. As with the existing process for sealing patents, this process is a remnant of paper-based systems and is not aligned with today’s electronic data management systems. The current system also does not allow for a process where an applicant can make certain amendments themselves without first asking the Commissioner’s leave to make the amendment, and then having the Commissioner process the amendment. For example, a process where an applicant is able to update their address details themselves.

73. In contrast to the patents system, the Trade Marks Act allows the amendment of ‘any other *particular specified*’ in the application.²⁸ The effect of this is that an amendment can be actioned by changing the information in the relevant entry in the electronic database, rather

²⁵ Section 29, Patents Act.

²⁶ Sections 104 (1), 104 (2), 105 (1), and 107 (1), Patents Act.

²⁷ Note that legal effectiveness of the amendment does not appear to depend on the document being manually amended. Amendments are taken to have been made either on allowance (ss 104 (6), 106 (5) and 107 (5)) or upon filing a copy of a court order directing amendments (s 105 (6)). Thus, while the current requirement to manually amend the document imposes an administrative burden on the office, it does not directly affect the legal rights of an applicant.

²⁸ Section 65 (7), Trade Marks Act.

than manually amending or replacing a document. We seek to implement a similarly flexible system for patents.

Instructions

74. We seek amendments so that amendments will no longer need to be made to the patent request, request or other document (excluding specifications). Instead, if the information specified in the original patent request, request or other document has been entered into an electronic database, amending the entry in the database would be sufficient to action the amendment.

75. Specifications will continue to be manually amended. Specifications are technical documents comprising pages of text and diagrams and it is more practical for them to be amended by replacement of pages or sections of text within the document.

76. Amendments will be required to the references to amending the 'patent request', 'request' or 'any other filed document' in ss 104 (1), 104 (2), 105 (1), and 107 (1). In respect of this, s 65 (7) of the Trade Marks Act provides that 'an amendment may be made to any other particular specified in the application', also Rule 92bis of the Regulations made under the PCT provides that the International Bureau shall 'record changes in the following indications appearing in the request or demand'. We consider that these provisions achieve a similar effect to what we intend to achieve.

77. The amendments should ensure the discretion as to whether the amendment is actioned by amending the document or amending the entry in an electronic database. While most of the relevant particulars in filed documents are entered separately into an electronic database, this is not the case with all particulars. Accordingly, the discretion to be able to action an amendment by amending the document if the particulars have not been entered into an electronic database should remain. We consider that amendments similar to s 65 (7) of the Trade Marks Act or Rule 92bis of the PCT would not preclude amending the document where necessary.

78. The amendment should also allow flexibility as to who can amend particulars and how they go about making the amendment. With development of our systems we envisage situations where, in the future, we would like an applicant to be able to amend certain particulars in the database themselves, without first asking the Commissioner's leave to make the amendment and the Commissioner then actioning the amendment. For example, we envisage situations where we would like the applicant to be able to update their address details themselves. We envisage that the Regulations would prescribe those amendments that would require the applicant to formally request leave of the Commissioner to make an amendment, and those that could be actioned by the applicant themselves.

79. However, the changes should not alter existing restrictions on when amendments can be made to particulars specified in the patent request or other filed documents.

80. The changes should not affect the amendment of specifications (complete or provisional). Specifications should continue to be amended by manually amending or substituting the document.

Related proposals

81. There is a related proposal to simplify the procedures for granting patents (see paragraph 1.2.1 above). The policy intent of the related proposal is similar: to facilitate modern electronic data management systems and streamline administrative processes.

82. There is a related proposal to provide the Commissioner with a new power to rectify the Register of Patents in certain circumstances (see paragraph 1.3.1 below).

Affected provisions and consequential amendments

83. There are a number of provisions in the Patents Act that refer to an ‘amended patent request’. As the amendment will no longer be to the patent request itself, we consider that the following provisions will require consequential amendment:

- Section 102 (2B)
- Section 113 (2) (b)
- Section 138 (3) (e)
- Section 228 (2) (c)

1.2.3 Simplifying legislation for PCT national phase processing

Background

84. Australia is a party to the Patent Cooperation Treaty (‘PCT’).²⁹ The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an international application with a ‘receiving Office’.

International and national phases

85. There are two phases in the processing of applications made under the PCT: the international phase and the national phase.

86. In the international phase, the international application is searched and an examination opinion provided. Comprehensive examination is optional. The applicant then has an opportunity to amend the international application to address issues highlighted by the search and examination.

87. Following the international phase, the applicant can enter national phase in all or any of the PCT member States. This is done by paying the national fee for each State, and in some cases filing translations of the international application. Although there is some variability between the approaches of different countries, the international application will eventually have the effect of a regular national application as from the international filing date. A ‘national application’ under the PCT is a reference to an application for a national patent or a regional patent, but does not refer to an application filed under the PCT.³⁰ The decision to grant or refuse protection for the invention is the task of the patent office of each designated State (that is, each country in which the national phase is entered).

²⁹ Patent Cooperation Treaty [1980] ATS 6.

³⁰ Art 2 (6) of the PCT.

88. Australia is a receiving Office as well as an International Searching Authority and an International Preliminary Examining Authority under the PCT.

Treatment of PCT applications under the Patents Act

89. Part 1 of Chapter 8 of the Patents Act relates to ‘PCT applications’. This term is defined in Schedule 1 to the Act:

- 1 **PCT application** means an international application:
- (a) in which Australia is specified as a designated State under Article 4(1)(ii) of the PCT; and
 - (b) which has been given an international filing date.

90. Note the following points in relation to this definition:

- The term ‘international application’ is defined as having ‘the same meaning as in the PCT’. The term is defined in Art 2 (vii) of the PCT as meaning ‘an application filed under this Treaty’.
- A ‘designated State’ under Art 4 (1) (ii) of the PCT refers to the following. An international application must contain, *inter alia*, a ‘request’.³¹ The request is required to contain, *inter alia*, the designation of the PCT member states in which protection on the basis of the international application is desired.³² These are known as ‘designated States’. A ‘designated Office’ is generally the Patent Office or equivalent entity within each designated State.³³
- The term ‘international filing date’ is also defined in Schedule 1 to the Act, but this definition is modified by subregulation 8.3 (5) of the Patents Regulations, and, in modified form, reads as follows³⁴:

- 2 **international filing date**, in relation to an international application, means:
- (a) the date given to the international application as its international filing date under Article 11 of the PCT; or
 - (b) if that date is revised under Article 14 of the PCT — that international filing date as so revised; or
 - (c) if the Commissioner has treated another date as the international filing date under Rule 82^{ter} — that international filing date as so treated.

91. In the national phase in Australia, PCT applications are processed under the Patents Act in essentially the same manner as are other applications made under the Act. However, there are some exceptions. Some of these are set out in the Patents Act itself, and others are set out in the Patents Regulations, particularly in regulations made under paragraph 228 (2) (t): a ‘Henry VIII’ provision. This provision was inserted into the Patents Act to permit appropriate

³¹ Art 3 (2) of the PCT.

³² Art 4 (1) (ii) of the PCT.

³³ Art 2 (xiii) of the PCT. This system has now been modified somewhat by the PCT Rules. Rule 4.9 (a) (i) now provides that the filing of a request constitutes the designation of all countries which are members of the PCT union.

³⁴ This provision was inserted by item [5] of Schedule 4 to the Intellectual Property Legislation Amendment Regulations 2007 (No. 1), Select Legislative Instrument 2007 No. 40. This reflected changes which had been made to the PCT Rules.

modifications to be made to the Patents Act to account for any amendments to the PCT or to regulations made under the treaty, without having to go through the Parliamentary legislative processes.

92. Regulations made under paragraph 228 (t) of the Patents Act may modify the operation of the Act in relation to PCT applications that are treated as patent applications under the Act. Such regulations may exclude, vary, or substitute different provisions for specified provisions of the Act. Regulation 8.3 of the Patents Regulations sets out the modification of several provisions of the Patents Act in relation to PCT applications. The provisions modified are:

- section 45 of the Patents Act, which relates to the examination of applications—subregulations 8.3 (1AA), (1AB) and (1AC)
- section 48 of the Patents Act, which relates to modified examination of applications—subregulations 8.3 (1AD), (1AE) and (1AF)
- section 53 of the Patents Act, which relates to publication of information about applicants and applications—subregulations 8.3 (1A) and (1B)
- section 89 of the Patents Act, which in turn modifies the operation of the Patents Act as it applies to PCT applications—subregulations 8.3 (1BA), and (1BD)
- section 90 of the Patents Act, which relates to a PCT application becoming open to public inspection—subregulations 8.3 (1C) and (1D)
- section 92 of the Patents Act, which governs the publishing of a notice that a PCT application is open to public inspection—subregulation 8.3 (1E)
- section 141 of the Patents Act, which governs the withdrawal of applications—subregulation 8.3 (2)
- section 142 of the Patents Act, which governs the lapsing of applications—subregulation 8.3 (3)
- section 223 of the Patents Act which governs extensions of time for doing acts—subregulation 8.3 (4)
- the Schedule 1 definition of ‘international filing date’—subregulation 8.3 (5).

93. The system of modification of the provisions of the Patents Act by the Regulations can potentially make it quite confusing for readers to understand the operation of the Patents Act, as it applies to PCT applications. Aims of these amendments are to:

- more clearly signpost in the Act the existence of regulations which govern treatment of PCT applications, to make the legislation simpler for users to navigate
- reduce the need for regulations that modify provisions of the Act
- re-structure the Patents Act to remove the need for a separate Chapter dealing with PCT applications—as such applications now represent the majority of patent

applications received by IP Australia, it now no longer seems appropriate for the Act to maintain this structure. Corresponding changes would be made for Convention applications (Part 2 of Chapter 8)

- address some further issues that have arisen over time with the implementation of the PCT in Australia.

Making PCT and Convention applications

Background

94. A person may apply for a patent under section 29 of the Patents Act. For PCT applications, subsection 88 (1) is relevant to the making of the application. For Convention applications, sections 94 and 95 are relevant to the making of the application.

95. As the bulk of applications for patents in Australia are either made under the PCT or the Paris Convention, we would prefer these provisions to be located in Division 1 of Part 1 of Chapter 3 of the Act ('Applications')

Instructions

96. The following provisions dealing with the making of PCT applications and Convention applications should be repealed: subsections 88 (1) and 89 (1), and sections 94 and 95.

97. These provisions should be re-enacted in Division 1 of Part 1 of Chapter 3 of the Act, preferably proximal to section 29. To the extent that subsection 94 (1) limits the time within which a Convention application may be made, it could also be provided for in section 38.

International filing date

Background

98. Section 30 of the Act provides that a patent application is taken to have been made on the filing date determined under the Regulations. Regulations 3.5 and 3.5A provide for the filing date.

99. For a PCT application, subsection 88 (4) provides that the filing date is taken to be the application's 'international filing date'. This is defined in Schedule 1 to the Act, with considerably more specificity. This definition is modified under the 'Henry VIII' regulation-making power, and in fact is completely replaced, by virtue of subregulation 8.3 (5).

Instructions

100. The way in which the 'filing date' of a PCT application is defined should be aligned more closely with the way in which the 'filing date' for applications other than PCT applications. The filing date under subsection 88 (4) of the Act should simply be the date determined under the Regulations. This would better align the corresponding concepts for PCT and other applications, and would more clearly foreshadow the existence of regulations which are relevant to the concept in the Act itself.

101. In addition, this provision should be collocated with section 30, to make the provisions easier for users to navigate. This provision should therefore be repealed and re-enacted within Division 1 of Part 1 of Chapter 3 of the Act, preferably proximal to section 30 ('Filing date').

102. Also, to avoid confusion whether section 30 also applies to PCT applications section 30 should be amended to refer explicitly to applications other than PCT applications.

103. Section 10 should also be repealed. Provisions mirroring its effect would be re-enacted in the regulations made under the provision described in paragraphs 100 and 101 above, so that all provisions concerning the international filing date are collocated.

Specifications

Background

104. Division 2 of Part 1 of Chapter 3 of the Act deals with requirements for provisional and complete specifications.

105. For PCT applications, subsections 88 (3), (5) and (6) are relevant, as are subsections 89 (2), (4) and (5).

106. Subsections 88 (5) and (6) of the Act refer to Rule 13^{bis}.4 of the Regulations under the PCT ('PCT Rules').

107. The PCT Union Assembly has in recent years embarked on an extensive program of reviewing the PCT Rules. This is partly due to the relative ease of amending these rules as a means for developing the international patent system, as compared to the relative difficulty and complexity involved in amending the PCT itself. This process has generated many, but not all, of the modifications to the operation of the Act for PCT applications.

108. Given the relative ease of amending the PCT Rules, the relative difficulty of amending the Patents Act, and the general undesirability of regulations modifying the operation of the Act, it is preferable that the Act not refer to specific rules under the PCT.

109. Hence it would be preferable that any provisions relating to rules made under the PCT should be reflected in the Patents Regulations, rather than in the Patents Act.

110. Subsections 89 (4) and (5) deem certain amendments or rectifications which were made to an international application during the international phase to have been made to a PCT application. Subsection (5) is modified (replaced and augmented) by subregulations 8.3 (1BA) and (1BD).

111. The content of the PCT application during the national phase is of vital importance, so the Act should provide more clarity than is provided by these provisions as modified by the Patents Regulations.

112. As these matters deal with specifications, we would prefer these to be located within Division 2 of Part 1 of Chapter 3 of the Patents Act.

Instructions

113. Subsections 88 (5) and (6) should be amended to remove these references to the PCT Rules. It may be that the regulation-making power described in paragraph 116 below (which relate to specifying what the PCT application consists of) could be broad enough to make regulations covering this issue.

114. Subsection 88 (3) should also be repealed and re-enacted in this Part.

115. Subsections 89 (4) and (5) should be repealed.

116. A new provision should be inserted in Division 2 of Part 1 of Chapter 3, under which regulations may be made specifying what a PCT application consists of.

117. Subsection 89 (2) should be repealed and re-enacted, also in this Division.

Priority dates

Background

118. Section 96 of the Act refers to withdrawn, abandoned or refused applications. This provision implements an obligation under Art 4 of the Paris Convention for the Protection of Industrial Property. These instructions already seek some amendments to this section. [1.1.5]

119. This provision only applies to a ‘Convention application’: ‘a patent application made under Part 2 of Chapter 8’ (Schedule 1 to the Patents Act).

120. PCT applications do not fall within this definition, so to ensure that section 96 applies to PCT applications, subregulation 3.12 (4) provides that, if a PCT application claims priority from a basic application, a specification or other document filed in respect of, and at the same time as, a basic application, section 96 of the Act is taken to apply to the PCT application as if it were a Convention application.

121. This is another of the provisions of the Patents Regulations which is not easy to locate to a reader of the Act.

Instructions

122. Suitable amendments should be made to the Patents Act to provide that section 96 applies also to PCT applications.

123. This could be achieved by an explicit amendment of section 96 itself, although that section is contained in Part 2 of Chapter 8 of the Act, which is titled ‘Convention applications’. As this provision essentially relates to the priority date of a claim, and existing subregulation 3.12 (4) is part of regulation 3.12 (‘Priority dates generally’), it may be appropriate for section 96 to be repealed in its entirety, and the re-enacted provision to be inserted into Division 3 of Part 1 of Chapter 3 of the Patents Act (‘Priority dates’).

Entry into national phase

Background

124. The PCT prevents national phase processing by a designated Office from commencing before a certain date (Art 23 (1) of the PCT) unless the applicant requests otherwise (Art

23 (2) of the PCT). This date is 30 months from the priority date³⁵ or such later date as may be fixed by national law.³⁶ Australian law has fixed a date of 31 months from the priority date.³⁷

125. Under the PCT, an applicant enters the national phase by (Art 22 (1) and 39 (1) (a) of the PCT):

- payment of the national fee, if a designated Office imposes such a fee
- furnishing a copy of the international application³⁸
- furnishing a translation of the international application, if required
- in the case of Art 22, furnishing an indication of the name and address of the inventor, if required by national law.³⁹

126. This is implemented in Australia by subsection 89 (3) of the Patents Act, which provides:

- (3) An applicant is not entitled to ask that any action be taken, or that he or she be allowed to take any action, under this Act in relation to a PCT application unless:
- (a) if the application was not filed in the receiving Office in English—a translation of the application into English, verified in accordance with the regulations, has been filed; and
 - (b) in any case—the prescribed documents have been filed and the prescribed fees paid.

127. Subregulation 8.2 (2) is relevant to the operation of paragraph (a) above, and provides that the requirements of that paragraph are met in certain cases.⁴⁰ Subregulation 8.2 (3) prescribes the documents that must be filed under paragraph (b):

- a document setting out an address for service of documents in Australia—reg 8.2 (3) (a)
- a copy of the application, if not already published under the PCT—reg 8.2 (3) (b)
- a translation of the application into English and a certificate of verification, if the original application was neither filed nor published in English under the PCT—reg 8.2 (3) (c).

³⁵ Art 22 (1) of the PCT.

³⁶ Art 22 (3) of the PCT.

³⁷ Subregulation 8.1 (4) of the Patents Regulations.

³⁸ Unless this has already been provided to the designated Office under Art 20 of the PCT.

³⁹ Note that this is not a requirement of Australian law.

⁴⁰ This subregulation provides that:

- (2) For the purposes of paragraph 89 (3) (a) of the Act, if:
- (a) a PCT application is not filed in English; and
 - (b) the PCT application has been published in English under Article 21 of the PCT; and
 - (c) a translation of the application into English has not been filed before the date of publication under Article 21 of the PCT;

the publication under Article 21 of the PCT is taken to be the translation referred to in paragraph 89 (3) (a) of the Act and to have been verified in accordance with these regulations.

128. Subregulation 8.1 (4) requires the applicant to meet the requirements of subsection 89 (3) within the period of 31 months after the priority date of the application.

129. IP Australia has experienced interpretive and practical difficulties with this provision, particularly in the case of the requirement for the applicant of a PCT application to provide a document setting out an address for service of documents in Australia.

130. To clarify the operation of these provisions and resolve such difficulties, we consider that the requirements of subsection 89 (3) should be re-drafted to more closely reflect the structure of Arts 22 and 39 of the PCT.

Instructions

131. Subsection 89 (3) of the Act should be repealed.

132. A new provision should be introduced, mirroring Art 22 of the PCT, under which the applicant of a PCT application would be required to undertake the following actions within a period prescribed in the regulations:

- if the application was not filed in the receiving Office in English—a translation of the application into English, verified in accordance with the regulations, has been filed (mirroring existing paragraph 89 (3) (a) of the Act)

and

- in any case—the prescribed documents have been filed and the prescribed fees paid (mirroring existing paragraph 89 (3) (b) of the Act).

133. The period currently prescribed under subregulation 8.1 (4) would, once again, be prescribed under this provision.

134. If these actions are not taken within the prescribed period, there would be a sanction. This sanction is discussed in paragraph 159 ff below.

135. We would like to ensure that the provision provides the flexibility to give an applicant the option of effecting national phase entry by submitting a national phase entry form. One limitation in respect of this is rule 49.4 of the PCT Rules, under which a national Office is not able to require an applicant to use a national form for national phase entry. However, our understanding is that this rule does not prevent a national Office from providing an optional form which an applicant may, but is not required to, use to effect national phase entry. The mechanism for this would be implemented in the Patents Regulations rather than in the Patents Act.

136. Chronologically, entry into national phase of a PCT application occurs between the making of the application and its examination. Therefore we consider that this new provision could be inserted into a new Part of Chapter 3 of the Patents Act, between Parts 1 and 2.

Examination of PCT applications

Background

137. Subregulations 8.3 (1AA) to (1AF) of the Patents Regulations modify the operation of sections 45 and 48 of the Patents Act, which govern examination and modified examination of applications for standard patents.

138. These modifications are some of the provisions which are not well signposted in the Act.

139. Other instructions relate to the repeal of provisions relating to modified examination of applications for standard patents, including section 48, so these instructions only relate to amendments to section 45 of the Act.

Instructions

140. Section 45 should be amended to:

- insert a new subsection providing explicitly that the regulations may make provision for the examination of a complete specification and patent request relating to a PCT application
- provide that subsection 45 (1) is subject to this new subsection.

141. This would more clearly signpost the existence of regulations which govern the examination of PCT applications, and which may over-ride other provisions within the Act governing examination of a complete specification and patent request relating to an application for a patent.

Publication of information about PCT applications

Background

142. Chapter 4 of the Patents Act relates to publication of applications for patents generally, and Chapter 8 includes provisions relating to publication of PCT applications. Some of these provisions are modified by regulations made under paragraph 228 (2) (t), namely, subregulations 8.3 (1A), (1B), (1C), (1D) and (1E). These modifying regulations are quite extensive, and some completely replace provisions of the Act.

143. We seek amendments to consolidate all provisions relating to publication of PCT applications and other applications within Chapter 4 of the Act ('Publication') and regulations made under provisions of that Chapter, and to clearly signal the existence of different provisions relating to PCT applications within that Chapter.

Instructions

144. Section 53 relates to publication of certain information about applicants etc. This provision sets out what information is published when an application for a patent is made. PCT applications are published under relevant provisions of the PCT, usually during the international phase. So subregulations 8.3 (1A) and (1B) modify the operation of section 53 for PCT applications, deeming the relevant information to have been published when the international application is published during the international phase by the International Bureau ('IB') of the World Intellectual Property Organization ('WIPO').

145. Section 53 should be amended to include a new subsection, permitting regulations to be made concerning publication of prescribed information about PCT applications. The existing provision under section 53 should be amended to ensure that it is subject to this new subsection.

146. Section 54 of the Act relates to notices of publication in respect of applications other than PCT applications.

147. Subsections 92 (1) to (3) include provisions relating to notices of publication in respect of PCT applications. Section 92 is extensively modified by subregulation 8.3 (1E) of the Patents Regulations, with a new provision substituted.

148. Subsections 92 (1) to (3) should be repealed. Section 54 should be amended, to permit regulations to be made relating to notices of publication in relation to PCT applications.

149. Subsections 55 (1) and (2) set out what documents become open to public inspection at various stages in the patent application process. Subsection 92 (4) provides for what documents in relation to a PCT application become open to public inspection.

150. Subsection 92 (4) should be repealed, and section 55 amended to permit regulations to be made regarding what documents relating to PCT applications become open to public inspection at various times.

151. Subsection 55 (3) deems certain documents to have been published on the day on which they become open to public inspection. This provision is subject to section 90, which contains specific provisions relating to PCT applications. This section is modified by subregulations 8.3 (1C) and (1D).

152. Section 90 should be repealed, and a new provision added to section 55 which provides that regulations can be made setting out when PCT applications are deemed to have become open to public inspection and to have been published in Australia. Subsection 55 (3) should then be amended to provide that it is subject to this new provision, rather than subject to section 90.

153. Subsection 57 (1) of the Act provides for the effect of publication of a complete specification. Under this provision, the rights of a patentee effectively extend back to the date on which the application became open to public inspection. Section 91 modifies that provision for the purposes of PCT applications.

154. Section 57 should be amended so that the one provision deals with the effect of publication of a complete specification relating to any kind of application. Section 91 could then be repealed.

Withdrawal of applications

Background

155. Section 141 of the Act deals with withdrawal of applications. Instructions relating to divisional application, and in particular, withdrawal of applications the grant of which has been opposed, have been provided in instructions dated 27 November 2009 (section 5.4).

156. The operation of section 141 for PCT applications has been modified by subregulation 8.3 (2) of the Patents Regulations.

157. This is another of the provisions for which we consider that the regulations should be more clearly foreshadowed in the Act itself.

Instructions

158. Section 141 of the Act should be amended to provide that, for PCT applications, the regulations may prescribe other circumstances in which an application may be withdrawn, or deemed to be withdrawn.

Lapsing of applications

Background

159. Section 142 of the Act governs lapsing of applications.⁴¹ Subsection 142 (2) is modified by subregulation 8.3 (3) to add a further paragraph (f):

(2) A complete application for a standard patent lapses if:

...

(f) Article 11 (3) of the PCT ceases to have effect in Australia in relation to the application under Article 24 (1) (ii) or (iii) or Article 39 (2) of the PCT.

160. Article 11 of the PCT is entitled ‘Filing Date and Effects of the International Application’. Article 11 (3) provides that an international application has the effect of a regular national application in each designated State as of the international filing date, so long as the application fulfils the requirements set out in Art 11 (1) (i) to (iii). These requirements relate to:

- the right of the international applicant to file with the relevant receiving Office
- the language of the international application
- whether the international application contains certain other matters, including: an indication that it is intended as an international application, the name of the applicant, a description and claims.

161. The effect of the international application provided for in Art 11 (3) can cease to have effect in any designated State under various provisions of the PCT. These include Art 24 (‘Possible Loss of Effect in Designated States’) and 39 (‘Copy, Translation, and Fee, to Elected Offices’) of the PCT. This loss of effect has the same consequences as withdrawal of the application in that State.⁴²

⁴¹ Other provisions are also relevant to lapsing, but are not of relevance to these instructions. These provisions are Chapter 13 of the Act, and regulations made under the regulation-making powers set out in paragraphs 227 (4) (c), 228 (2) (ha) and 228 (2) (j).

⁴² Art 24 (1) of the PCT.

- Under Art 24 (1) (ii), Art 11 (3) ceases to have effect if the international application is considered withdrawn by virtue of any of several provisions of the PCT.⁴³
- Under Art 24 (1) (iii), Art 11 (3) ceases to have effect in Australia if the applicant fails perform the acts referred to in Art 22 within the applicable time limit (31 months in the case of Australia).
- Under Art 39 (2), Art 11 (3) ceases to have effect in Australia if the applicant fails perform the acts referred to in Art 39 (1) (a) within the applicable time limit (31 months in the case of Australia).

162. However, national law may maintain the effect of an international application under Art 11 (3), even when this effect is not required to be maintained.⁴⁴

163. If national phase is not entered into in Australia in good time, Australian law maintains the effect of the international application in Australia, but lapses the PCT application, rather than treating the PCT application as having been withdrawn. A key reason for doing this is to permit restoration of the application following a successful request for an extension of time under section 223 of the Patents Act.

164. Section 142 is one of the provisions for which we consider that the regulations should be more clearly foreshadowed in the Act itself.

Instructions

165. Section 142 of the Act should be amended to provide that, for PCT applications, the regulations may prescribe other circumstances in which the application lapses or is taken to have lapsed.

Evidence of matters arising under the PCT

Background

166. Section 93 of the Patents Act provides that a certificate signed by the Commissioner in relation to an international application which certifies as to certain matters is *prima facie* evidence of those matters.

167. Chapter 19 of the Act ('The Register and official documents') contains similar provisions. Under section 195, the Register is *prima facie* evidence of particulars registered in it. Under section 197, a signed certificate in relation to certain other matters is *prima facie* evidence of those other matters.

168. We consider that the power in section 93 would be more appropriately situated and easier to locate for a reader of the Act were it to be located in Chapter 19 of the Act.

Instructions

⁴³ Namely, Art 12 (3), 14 (1) (b), 14 (3) (a), or 14 (4), or if the designation of that State is considered withdrawn by virtue of Article 14 (3) (b).

⁴⁴ Art 24 (2) of the PCT.

169. We therefore seek the repeal of section 93 of the Act, and its re-enactment in Chapter 19, preferably proximal to sections 195 to 197.

Extensions of time

Background

170. Section 223 sets out circumstances in which the Commissioner must or may extend the time for doing ‘relevant acts’ (defined in subsection 223 (1)).

171. This section is modified by subregulation 8.3 (4) of the Patents Regulations, which adds a further situation in which the Commissioner is required to extend the time for doing the act.

Instructions

172. This provision should be codified into the Act. Subsection 223 (1) should be amended to insert an additional paragraph (d), referring to an error or omission by the receiving Office or the International Bureau.

Formalities check for PCT applications

Background

173. The Patents Act requires that certain formal requirements be met for applications other than PCT applications. This includes provision of information such as an address for service⁴⁵, or a certificate of verification of translation (or some other form of verification) of the application or of certain other documents. This information must be provided at filing or shortly afterwards.⁴⁶

174. The Act currently permits regulations to be made setting out the formalities checking process for applications for innovation patents—paragraph 228 (2) (ha). This permits regulations to be made:

- (ha) setting out the formalities checking process for innovation patents including, in particular, the following matters:
 - (i) specifying the formalities requirements (including compliance with the requirements of subsections 18(2) and (3)) that must be met in respect of an application for an innovation patent; and
 - (ii) empowering the Commissioner to direct an applicant for an innovation patent to do such things as are necessary to ensure that the application is in accordance with the requirements of the regulations relating to the preparation of documents for filing; and
 - (iii) providing for the lapsing of the application if such a direction is not complied with within a time specified in the regulations; and
 - (iv) providing for the restoration of an application that has so lapsed;

⁴⁵ See Regulation 22.10 of the Patents Regulations 1991, and regulation 1.8, inserted by item [4] of Schedule 1 to the Intellectual Property Law Amendment Regulations 2009 (No. 2), Select Legislative Instrument 2009 No. 332.

⁴⁶ See subsection 29 (1) which requires an applicant to supply a patent request, which must be in the approved form. The existing approved form (P/00/001 (0708), accessible at <http://www.ipaustralia.gov.au/pdfs/patents/applications/p00001.pdf>).

175. The Act also permits regulations to be made setting out a formalities checking process for applications for standard patents—paragraph 228 (2) (j). This permits regulations to be made:

- (j) empowering the Commissioner to direct an applicant for a standard patent to do such things as are necessary to ensure that the complete specification is in accordance with the requirements of the regulations relating to the preparation of documents for filing and:
 - (i) providing for the lapsing of the application if such a direction is not complied with within a time specified in the regulations; and
 - (ii) providing for the restoration of an application that has so lapsed;

176. Regulations have been made under these provisions—regulations 3.2A and 3.2B of the Patents Regulations.

177. Under these provisions, if, for example, a patent request is not in the approved form because an address for service has not been provided, the Commissioner may issue an appropriate direction to the applicant, and the application may lapse if the direction is not complied with. This process occurs shortly after filing of the application.⁴⁷

178. Art 27 of the PCT permits any designated State to require compliance with certain formal requirements. For example, Art 27 (7) and Rule 51^{bis}.1 (b) (i) of the PCT Rules permit the national law to require that an applicant have an address for the purpose of receiving notifications. This is implemented in Australia by a requirement for the applicant to have an address for service in Australia.⁴⁸

179. Rule 51^{bis}.3 (b) of the PCT Rules requires that applicant be given a period after entry into national phase to meet these requirements.

180. We seek the introduction of regulation-making power to make a ‘formalities check’-type procedure for PCT applications, which would operate in a similar fashion to the formalities check for non-PCT applications, but which would occur after national phase entry.

Instructions

181. We require the drafting of regulation-making power similar to that under paragraphs 228 (2) (ha) and (j). This should allow regulations to be made which set out the formalities checking process for PCT applications. In particular, these regulations would be able to:

- specify the formalities requirements that apply to PCT applications after entry into the national phase
- empower the Commissioner to direct an applicant for a PCT application to do such things as are necessary to ensure that the PCT application complies with the applicable formalities requirements

⁴⁷ Regulation 3.2A of the Patents Regulations.

⁴⁸ See paragraph 89 (3) (b) of the Patents Act and paragraph 8.2 (3) (a) of the Patents Regulations.

- provide for the lapsing of the application if such a direction is not complied with within a time specified in the regulations
- provide for the restoration of an application that has so lapsed.

182. Consistent with the regulation-making powers for innovation patents and for applications for standard patents, we suggest this power being included as a separate paragraph within subsection 228 (2) of the Act, preferably proximal to paragraphs (ha) and (j).

183. Regulations made under this Act would consider such formalities as provision of details concerning the inventor(s), the provision of an address for service of documents in Australia, provision of suitably verified translations of any documents that may be required, and should be broad enough to permit other formalities requirements to be prescribed in the future.

Affected provisions and consequential amendments

184. In view of these amendments, it would be appropriate for Chapter 8 of the Act to be repealed in its entirety. Under these instructions, all of the provisions contained within that Chapter would be repealed and re-enacted in other Chapters within the Patents Act.

1.2.4 Clarifying and simplifying information processes

Background

185. Publication of patent information forms part of the basic *quid pro quo* of the patent system: in exchange for the monopoly rights granted, the applicant provides a full disclosure of the invention and the public benefits from the knowledge about the invention. Publication also provides transparency in the decision-making process by allowing interested parties access to the material on which decisions are made. However, there are also circumstances in which the patent applicant has a legitimate interest in information regarding their application not being made available. Chapter 4 of the Patents Act attempts to balance those competing interests by providing a regime for the publication of information relating to patent applications.

186. Under the regime most filed documents relating to a patent application are not initially open to public inspection (OPI). Different documents then become OPI at different stages of the application. Generally, most documents will become OPI:

- when the applicant requests that the application become OPI⁴⁹
- when the prescribed period ends (currently 18 months after the date of filing or earliest priority)⁵⁰
- when the application is accepted (standard patents) or granted (innovation patents).⁵¹

⁴⁹ Sections 54 (1) and 55 (1), Patents Act.

⁵⁰ Sections 54 (3) and s 55 (1), Patents Act; reg 4.2 (3), Patents Regulations.

⁵¹ Section 55 (2), Patents Act.

187. Section 56 (1) (a) of the Patents Act prevents non-OPI documents from being published and is a secrecy provision that exempts patent documents from the right of access under s 11 of the *Freedom of Information Act 1982* (FOI Act).⁵²

188. In rare circumstances, applicants and others will provide information to the Commissioner that is of a highly sensitive nature and which may not be appropriate for general public inspection. This could include details of serious medical conditions, for example. The information may relate to the party providing the information or to another person who may not have consented to the information being provided. This information may be relevant to a decision by the Commissioner - for example, to justify an extension of time. However, general availability to members of the public with no direct interest in the matter seems not to be justified.

189. If the sensitive information is contained in a document that becomes OPI under the provisions of the Patents Act the Commissioner has only a limited power to restrict or revoke general public access to that document.⁵³ As s 55 of the Patents Act clearly requires most documents relating to an application or patent to be OPI at some stage, a person may not rely on Information Privacy Principle (IPP) 11⁵⁴ to limit public disclosure of such documents because the disclosure falls within the 'required by law' exception to IPP 11.

190. We consider that the Commissioner should have the power to limit general public availability to sensitive or personal information. However, to ensure appropriate transparency in government decision-making, we also consider that, where a party is challenging a decision of the Commissioner that was made based on restricted information or otherwise has a legitimate interest in the Commissioner's decision, the Commissioner should be able to provide confidential access to that information with appropriate safeguards to protect privacy.

Instructions

Power to restrict public access

191. We seek amendments to provide the Commissioner with a power to restrict public access to documents containing information that it is of a nature that is not appropriate for public inspection. We envisage that this would take the form of a new section in Chapter 4.

192. The provision should apply to all documents filed in relation to an application for a patent or a granted patent, other than patent specifications. Problems with inclusion of sensitive information occur rarely, if ever, in patent specifications. Furthermore, given that approximately 96% of patent specifications are filed in at least one other country in addition to Australia, there is limited value in making information in an Australian specification non-OPI when the same information is published elsewhere.

193. Given the wide variety of possible situations in which sensitive information could be provided to the Commissioner, we consider that the power for restricting access should be expressed broadly, similar to reg 4.3 (2) (b) of the Patents Regulations (but without the precondition that a notice of production be issued). The test in reg 4.3 (2) (b) is one that users of the patent system and delegates of the Commissioner are familiar with. Accordingly, the

⁵² Section 38 and Schedule 3, FOI Act.

⁵³ Reg 4.3 (2) (b) of the Patents Regulations, which can only be invoked when a notice of production has been issued under s 210 (c) of the Patents Act.

⁵⁴ Section 14, *Privacy Act 1988*.

test for restricting public access should be whether the Commissioner has ‘reasonable grounds for believing that a document or part of a document should not be OPI’.

194. The Commissioner should only have to consider whether a particular document meets the test in paragraph 193 above if they become aware in the ordinary course of business that a document may contain information that should not be OPI. The amendments should not impose an additional obligation on the Commissioner to actively vet or review all filed documents for potentially sensitive information.

195. If a document meets the test in paragraph 193 above, that document should not become OPI within the meaning of s 55 and 27 (4) of the Patents Act. If the document is already OPI it should cease to be OPI.

196. The provision is also intended to apply to documents of the type mentioned in s 193 (documents filed in connection with registration of prescribed particulars in relation to a patent in force). Where such a document, or part of such a document meets the test in paragraph 94 the document will no longer be available for public inspection.

197. If part of a document meets the above test the Commissioner should have the discretion to decide that only part of the document will not become OPI or will cease to be OPI. Note that there may be situations where part of a document contains material that should not be OPI, while another part of the same document contains material that the public would clearly have a legitimate interest in. The Commissioner should not be forced to make the entire contents of such a document non-OPI. Instead the Commissioner should be able to redact the document as appropriate before publishing it.

198. If only part of a document is made OPI, the document should still be considered OPI for the purposes of other provisions of the Act which make something conditional upon a particular document being OPI (see 209 below).

199. The amendments should ensure that the Commissioner must give a party that would be adversely affected by the decision under the proposed power an opportunity to be heard. We note in this regard regs 22.22 – 22.24 of the Patents Regulations, which we consider provide an adequate means for parties with a legitimate interest to be heard.

200. We seek amendments to s 224 (1) of the Patents Act to provide that a party may seek full merits review of a decision made under the proposed power. Review would be by the Administrative Appeals Tribunal (AAT).

Power to provide confidential access to restricted documents

201. We consider that if the power to restrict public access to a document is exercised, a party should have a right to access to that document if they have a legitimate interest in the document, subject to appropriate conditions to protect privacy.

202. Section 194 gives the Commissioner the power to give any person information about a patent, patent application or prescribed document or matter. This provision is interpreted very narrowly and gives the Commissioner only limited powers to make certain information available. We consider that s 194 would be an inadequate means to provide access to documents made non-OPI under the proposed power.

203. We consider that a provision similar to s 56 (1) (b) could achieve this for documents that have been made non-OPI by the Commissioner exercising the power instructed at paragraphs 191 to 197 above. This provision would need to cover documents that become OPI within the meaning of s 55, 27 (4) and 90 to 92. We will seek advice as to whether such an amendment would meet the objective of giving the Commissioner a broad discretion to grant access to documents to parties with a legitimate interest, and where appropriate, to impose conditions on that access.

204. A party adversely affected by a decision not to grant inspection should have a right to be heard. As with the right to be heard in relation to the power to make a document non-OPI (see 199 above), a right to be heard in relation to a decision not to grant inspection may apply under existing regs 22.22 – 22.24 of the Patents Regulations.

205. We seek amendments to s 224 (1) of the Patents Act to provide that a party may seek full merits review of a decision made under the proposed power to grant inspection. Review would be by the AAT. Please note that the amendments should be drafted so that they do not provide for AAT review of a decision under the existing power to grant inspection under s 56 (1) (b): AAT review should only apply to the proposed new power to grant inspection.

Related proposals

206. There is a related proposal to simplify the legislation for national phase processing of PCT applications (see section 1.2.3 above), which includes revisions to the provisions that provide for documents relating to a PCT application to become OPI.

Affected provisions and consequential amendments

No effect on other special powers to make a document non-OPI

207. Chapter 15 and Part 3 of Chapter 17 of the Patents Act provide *inter alia* for the Commissioner to prohibit or restrict the publication of information in certain circumstances – see ss 152 and 173 in particular. Broadly speaking the purpose of these provisions is to ensure that information about nuclear technology or information that would risk the defence of the Commonwealth is not inappropriately disclosed.

208. The amendments should be drafted so that they do not affect the operation of Chapter 15 or Part 3 of Chapter 17 in any way. In particular, the proposed right to inspect a document instructed at paragraph 201 above should not be available in respect to any prohibition or restriction on a document made under s 152 or s 173 of the Patents Act.

References to documents being OPI in other provisions

209. Please note that there are a number of provisions in the Patents Act that make something (eg a right or obligation) conditional upon a particular document (usually the specification or patent request) or the application being OPI: ss 27 (1), 37 (2), 44 (3), 49 (6) (b), 54 (1) – (6), 57 (1) and (4), 62 (2) (b) and (3) (b), 72, 90 – 92, 96, 110, 115, 125, 194, 197 (1) (b), 222 (2) and 226.

210. We do not intend for the amendments to affect the operation of the provisions listed in paragraph 209 above. In particular if part of a document is made non-OPI under the proposed power and the remainder of the document is OPI, the document should still be considered OPI for the purposes of other provisions of the Act. It should not be possible for a party to

argue that, because part of the document is non-OPI, the document or application as a whole is not OPI for the purposes of the provisions listed at paragraph 209 above.

1.2.5 Rescinding acceptance

Background

211. Administrative errors can occur during the patent examination or acceptance process. Some of these can, if not remedied, lead to incorrect patent grants and low quality or invalid patents issuing. An example of this is when amendments to a patent specification are proposed but not considered by an examiner, and an application is accepted without those amendments having been acted on.

212. Although general administrative law remedies might provide a solution in some cases, in others it can be difficult or impossible under existing provisions of the Act to remedy such errors. Often applicants bear some cost in rectifying the error or omission.

213. In contrast, when applications for trade marks are accepted following an error or omission, the Registrar of Trade Marks has the power to revoke the decision to accept the application, rectify the error or omission, and then finalise examination and acceptance.⁵⁵ This provision has worked effectively for a number of years and substantially simplifies the process for dealing with errors or oversights that are not remedied at acceptance. It also reduces costs for applicants.

214. IP Australia proposes to introduce a similar provision into the Patents Act permitting the Commissioner of Patents to revoke the decision to accept a patent application if some error or oversight occurred during the examination process.

215. Revocation of the decision to accept is intended to address instances of applications being accepted following some error or omission by IP Australia staff. It would have the effect that the application would be taken never to have been accepted. Thus, subsequent actions would follow the normal processes. For example, if the application was subsequently accepted, its acceptance would be advertised and it could then be opposed. If the acceptance of an opposed application was nullified, any opposition proceedings would cease.

216. This proposal would enable more direct, efficient and certain means of dealing with administrative errors and omissions during the examination process, and would improve the quality of granted patents. It would also provide an efficient remedy that does not impose unnecessary costs on patent applicants when an error or omission has been made by the Patent Office during examination.

217. The provision is not intended to replace existing re-examination provisions. The provision also does not affect the current provisions dealing with revoking of a patent.

Instructions

218. We want to introduce a provision into the Patents Act which states that the Commissioner may revoke the decision to accept an application for a standard patent if:

- no patent has been granted on the application,

⁵⁵ Section 38, Trade Marks Act.

- the application should not have been accepted
- and
- it is reasonable to ‘undo’ its acceptance, taking account of all the circumstances.

219. We would like a similar provision to apply to innovation patents. For innovation patents, we would like the provision to apply to accepted innovation patents where the application should not have been accepted and the Commissioner would have the power to revoke the decision to accept, and to certified innovation patents, where the patent should not have been certified and the Commissioner would have the power to revoke the decision to certify.

220. This action would be at the Commissioner’s discretion. Applicants, innovation patentees and third parties would not be able to require the Commissioner to revoke the decision to accept, grant or certify. The applicant, patentee, any opponent and other interested parties would be given an opportunity to be heard prior to a decision to revoke under Regulation 22.22.

221. For standard patent applications, once acceptance was revoked the error or omission would be rectified and, if there were no outstanding issues, the application would be re-accepted. If there were outstanding issues examination would recommence, with the deadline for acceptance occurring in a prescribed period.

222. Similarly, for innovation patents, once grant or certification was revoked, the error or omission would be rectified, and if there were no outstanding issues, the patent would be regranted or recertified. If there were outstanding issues, examination would recommence, with the deadline for acceptance occurring within the prescribed period. The prescribed period would be outlined in the Patent Regulations.

223. The effect of this new provision is that

- where the provision is applied:
 - a standard application is taken not to have been accepted
 - an innovation patent is taken not to have been granted
 - a granted innovation patent is taken not to have been certified

and
 - where applicable, the said standard patent application or innovation patent would not lapse for the reason that it was not accepted by the final date of acceptance that would have applied but for the revocation of acceptance
- and
- any subsequent actions post-acceptance for example, amendments under section 102 and oppositions, are also taken to not have begun.

Related proposals

224. There are no other related proposals.

Affected provisions and consequential amendments

225. This is a new provision intended to operate in specific circumstances.

226. Amendments to Chapter 13 of the Patents Regulations concerning prescribed periods are expected.

1.2.6 Removing the requirement for State sub-offices

1.2.6.1 Amendments to the Patents Act

Background

227. Currently, s 205 of Patents Act contains a requirement that there is a ‘sub-office of the Patent Office in each State’. This requirement reflects a time when most business was paper-based and where payments and filings were made in person at State Offices. It does not account for today’s business environment where more and more business is conducted electronically and there is a diminishing need for physical lodgement facilities in each State.

228. To provide the flexibility to withdraw physical lodgement services in the States if and when they are no longer needed, we would like to remove the mandatory requirement in the legislation that there must be a sub-office and that it needs to be physically established in each State.

229. IP Australia does not intend to immediately cease to maintain such sub-offices, but we want the flexibility to cease to do so in the future, if and when this becomes appropriate. In addition, even if State sub-offices were no longer provided, we would like the flexibility to permit parties to lodge physical material with IP Australia via a lodgement point outside the Canberra office.

230. The Act does not contain a definition of a sub-office. The sub-offices do not have a specific role in relation to the receipt of documents under patent-related international agreements to which Australia is a party, for example, the PCT.

231. Changes are also proposed to other provisions within the Act where there is a reference to a sub-office.

Instructions

232. We would like to amend s 205 of the Patents Act to remove the requirement that there ‘must’ be a sub-office in each State, and replace this with the discretion that there may be a sub-office or sub-offices of the Patent Office.

233. This maintains an option of having a sub-office or sub-offices, which may be at any desired location, or an alternative lodgement point for physical documents outside the Canberra office. The decision to create or remove a sub-office or to create an alternative means for applicants to file documents would be at the discretion of the Commissioner.

Related proposals

234. We also intend to amend relevant provisions in the Trade Marks Act and the Designs Act. Please see instructions at 1.2.6.2 below and 1.2.6.3 below. We do not need to amend relevant provisions in the *Plant Breeder's Rights Act 1994*.

Affected provisions and consequential amendments

235. Amendments are required to ss 205 (1) and 214 of the Patents Act.

236. Similar amendments are required to regs 3.5B, 21.1 and 22.10AA of the Patent Regulations, which we will address with the Office of Legislative Drafting and Publication (OLDP) after the amendments to the Act have been passed.

1.2.6.2 Amendments to the Trade Marks Act

Background

237. Currently, s 199 (2) of Trade Marks Act contains a requirement that there is a 'sub-office of the Trade Marks Office in each State'. For the same reasons outlined in our earlier proposal concerning changes to the sub-office requirement within patents legislation, we would like to remove the mandatory requirement in the Act that there must be a sub-office and that it needs to be physically established in each State.

238. We want to provide the flexibility to withdraw physical lodgement services in the States for trade mark applications if and when they are no longer needed.

239. As outlined previously in a related proposal concerning changes to patents legislation, IP Australia does not intend to immediately cease to maintain such sub-offices, but we want the flexibility to cease to do so in the future, if and when this becomes appropriate. In addition, even if State sub-offices were no longer provided, we would like the flexibility to provide for parties to be able to lodge physical material with IP Australia via a lodgement point outside the Canberra office.

240. The Act does not contain a definition of a sub-office. The sub-offices do not have a specific role in relation to the receipt of documents under trade mark-related international agreements to which Australia is a party, for example, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

241. Changes are also proposed to other provisions within the Act where there is a reference to a sub-office.

Instructions

242. We would like to amend s 199 (2) of Trade Marks Act to remove the requirement that there 'must' be a sub-office, and replace this with the discretion that there may be a sub-office of the Trade Marks Office.

243. Instead we want to provide the option of having a sub-office or sub-offices, which may be at any desired location, or an alternative lodgement point for physical documents outside the Canberra office. The decision to create or remove a sub-office or to create an alternative means for applicants to file documents would be at the discretion of the Registrar.

Related proposals

244. We also intend to amend relevant provisions in the Patents Act and the Designs Act. Please see instructions at 1.2.6.1 above and 1.2.6.3 below. We do not need to amend relevant provisions in the Plant Breeder's Rights Act.

Affected provisions and consequential amendments

245. Amendments are required to ss 27 (4), 199 (2), 213 (1), 213 (2), 223A (1) and 223A (2) of the Trade Marks Act.

246. Similar amendments will be required to regs 4.4 (6) (b), 19.1, 19.1 (b) (i), 21.5 (2), 21.24A (b) and 22.1 (3) (c) of the Trade Marks Regulations. Similar to paragraph 236 above, we intend to instruct OLDP on this matter in due course.

1.2.6.3 Amendments to the Designs Act

Background

247. Currently, s 125 (2) of Designs Act contains a requirement that there is a 'sub-office of the Designs Office in every State'. For the same reasons outlined in our earlier proposals concerning changes to the sub-office requirement within patents and trade marks legislation, we would like to remove the mandatory requirement in the Act that there must be a sub-office and that it needs to be physically established in each State.

248. We want to provide the flexibility to withdraw physical lodgement services in the States for designs applications if and when they are no longer needed.

249. As outlined previously in related proposals concerning changes to patents and trade marks legislation, IP Australia does not intend to immediately cease to maintain such sub-offices, but we want the flexibility to cease to do so in the future, if and when this becomes appropriate. In addition, even if State sub-offices were no longer provided, we would like the flexibility to lodge physical material with IP Australia via a lodgement point outside the Canberra office.

250. Changes are also proposed to other provisions within the Act where there is a reference to a sub-office.

Instructions

251. We would like to amend s 125 (2) of Designs Act to remove the requirement that there 'must' be a sub-office, and replace this with the discretion that there may be a sub-office of the Designs Office.

252. Instead we want to provide the option of having a sub-office or sub-offices, which may be at any desired location, or an alternative lodgement point for physical documents outside the Canberra office. The decision to create or remove a sub-office or to create an alternative means for applicants to file documents would be at the discretion of the Registrar.

Related proposals

253. We also intend to amend relevant provisions in the Patents Act and the Trade Marks Act. Please see instructions at 1.2.6.1 and 1.2.6.2 above. We do not need to amend relevant provisions in the Plant Breeder's Rights Act.

Affected provisions and consequential amendments

254. Amendments are required to ss 9, 20 (3) (c), 125 (2), and 144 (b) of the Designs Act.

255. Similar amendments are required to regs 9.02, 9.02 (a), 11.32 (b), 3 (concerning Definitions), 53 and 53 (b) (i) of the Designs Regulations. Similar to paragraph 236 above, we intend to instruct OLDP on this matter in due course.

1.3 Remediating other problems with the patent system

1.3.1 Entitlement

Background

256. Section 15 of the Patents Act restricts the categories of persons to whom a patent may be granted. A patent is invalid if it is not granted in accordance with this provision. Essentially, a patent may only be granted to the inventor or to a person claiming an entitlement through the inventor (that is, an assignee, a person deriving title from the inventor, or a legal representative of a deceased person).⁵⁶ In the case of joint inventors, a patent must be granted to all co-inventors or persons claiming through them, otherwise it will be void.⁵⁷ If there is more than one patentee, all must be inventors or must claim through an inventor or co-inventor—otherwise the patent would also be void.⁵⁸

257. If grant of a patent does not comply with these rules, then, unless the patentee voluntarily surrenders the patent⁵⁹, it is liable to be revoked by a court on the ground ‘that the patentee is not entitled to the patent’.⁶⁰

258. Although the Patents Act provides several mechanisms to ensure a patent is granted to correctly entitled persons⁶¹, patents are sometimes not granted in accordance with section 15. This can be caused by a range of factors. Patent ownership issues can be complicated, and it can be unclear even to the parties involved who has entitlement to particular patent claims. Further, amendments to a complete specification during prosecution can change the parties who are entitled. As a result, patents have been held invalid for lack of entitlement, and this invalidity cannot be remedied by a subsequent assignment of the patent⁶² or by an amendment to the patent request form.⁶³

259. The available remedy is for the existing patent to be revoked and reissued in the names of the properly entitled persons in accordance with either section 34 or section 35 of the Act.

260. There are a number of problems flowing from or highlighted by the existing patent entitlement provisions and remedies.

⁵⁶ Subsection 15 (1).

⁵⁷ *Conor Medsystems, Inc. v. The University of British Columbia (No 2)* [2006] FCA 32 at [14] per Finkelstein J.

⁵⁸ *Conor Medsystems, Inc. v. The University of British Columbia (No 2)* [2006] FCA 32 at [14] per Finkelstein J.

⁵⁹ Section 137.

⁶⁰ Paragraph 138 (3) (a).

⁶¹ These include the following: during examination under section 15; in the case of disputes between interested parties section 32; in proceedings under section 36; during opposition proceedings under section 59, possibly followed by an application under section 33; and directions under section 113.

⁶² *Davies Shephard Pty Ltd v. Stack* [2001] FCA 501 at [30]-[35].

⁶³ *GS Technology Pty Ltd v. Elster Metering Pty Ltd* [2008] FCA 17 at [74].

261. A first problem relates to deficiencies in the remedy of revocation and re-issue of a patent.

- A new patent granted under s 34 or s 35 effectively has a reduced term: it is only enforceable from its date of publication, even though its term runs until what would have been the expiry date of the original (revoked) patent.
- This remedy can be costly (in some cases, requiring court action), and a patentee who voluntarily surrenders a patent takes some degree of risk that another suitable patent will be granted.

262. A second problem relates to the powers of the Commissioner to correct the Register of Patents to record the properly entitled patentees. At present, this power can only be exercised in very limited circumstances⁶⁴: to correct a clerical error or an obvious mistake⁶⁵, to change a name or address which is entered in the Register⁶⁶, and to insert the correct extension of term of a pharmaceutical patent.⁶⁷

263. If a patentee seeks a rectification of the Register which does not fall within the Commissioner's powers, they must commence an action under section 192 in a prescribed court. A prescribed court has broad powers to rectify the Register in a wider range of circumstances. However, court action is usually more costly than actions before the Commissioner.

264. Parties sometimes seek a correction of the Register before the Patent Office, but the Commissioner finds that the desired correction is beyond his or her powers. It seems that, unless the correction is urgent, patentees generally do not then seek an order for rectification of the Register from a prescribed court due to the associated expense. The impact of this is that the Register may contain errors, and may not be an accurate reflection of the information it is supposed to record. It therefore may not be a reliable source of information for users of the patent system.

265. In order to address these problems, these instructions propose the following alternative scheme for addressing issues with entitlement and ownership of patents:

- The Act would be amended to ensure that a patent is not invalid solely because it was granted to the wrong person or persons, whether that person or persons be the sole patentee or one or more of a number of patentees. This would be achieved by:
 - removing the restriction that a patent may only be *granted to* the specified category of persons and instead, specifying the persons who have a *right to own* the patent.and
 - clarifying that a patent can only be revoked if none of the patentees are entitled to the patent.

⁶⁴ Regulation 10.7 of the Patents Regulations.

⁶⁵ Subparagraph 10.7 (1) (a) (i) of the Patents Regulations.

⁶⁶ Subparagraph 10.7 (1) (a) (ii) of the Patents Regulations.

⁶⁷ Subregulation 10.7 (7).

- A new power would be inserted, enabling the Commissioner or a prescribed court to declare the person or persons with a right to a patent for an invention.
- It would be possible for the Register of Patents to be rectified in accordance with this declaration, effectively transferring a patent into the name(s) of the correct owner(s).

266. In respect of this final point, the Commissioner would be given powers to rectify the Register of Patents which are co-extensive with those of a prescribed court. This would:

- enable the Commissioner to rectify the Register in accordance with paragraph 262 above to address entitlement and ownership issues
- and
- give the Commissioner broader powers to rectify the Register in a wide range of circumstances, providing a cheaper alternative for users of the patent system and assisting to ensure integrity of the Register of Patents.

267. A final problem relates to difficulties with the interpretation and application of sections 32 to 36.

- Entitlement disputes before the Commissioner currently arise under several provisions, and there is overlap between the remedies. Parties can apply for resolution of entitlement issues under more than one provision, and different actions have different procedures and different appeal mechanisms. These differences in procedure do not seem to provide any particular benefit, can create confusion in users of the system, and have the potential to lead to error.
- The Commissioner appears to have a discretion whether to grant a new application under these provisions (*'may grant'*), which apparently makes some parties nervous about relying on them.

268. In order to address this third problem, these provisions would be significantly amended and simplified.

Instructions

269. We seek amendments to address these issues and to implement these proposals.

Amendment to section 15

270. Subsection 15 (1) of the Patents Act provides that a patent may only be granted to a person or persons who fall within the categories set out in paragraphs (a) to (d) of that subsection. Rather than restricting the persons to whom a patent can be granted, this subsection should be amended so that it sets out the persons who have a right to a patent for an invention which is claimed in any claim of the complete specification relating to a patent. A patent could then be granted to any other person, without adversely impacting on the validity of the grant. The persons who would have the right to a patent for an invention would be similar to the classes as presently listed in subsection 15 (1):

- a person who is the inventor or a co-inventor of the invention
- a person to whom the right to a patent for the invention has been assigned
- a person who derives title from the inventor, a co-inventor, or an assign
- a person who is the legal representative of a deceased person mentioned in any of the above bullet points.

271. The key aim of this change would be to take the emphasis away from to whom a patent is *granted* and to focus on the person(s) in whose name a patent is *held*, which may vary from time to time. This would ensure that a patent was not invalid solely because it was granted to a person who was not correctly entitled.

272. The section title and subsection 15 (2) would require corresponding amendments.

Matters not affecting validity

273. Division 2 of Part 3 of Chapter 2 of the Patents Act sets out several matters which do not affect validity of a patent. A new provision should be inserted, providing that a patent is not invalid and cannot be revoked merely because of its having been granted to a person who does not have a right to the patent, or because it was not granted to *all* persons who have a right to the patent.

274. The aim of this provision would be to clearly move away from the existing case law which indicates that these *are* grounds of invalidity.

275. This provision should be clearly directed to the person or persons to whom a patent was *granted*, and not to the person or persons in whose name a patent is *held* at any other time. Under the amendments described later in these instructions, a patent could be revoked if it is not *held by* a person who has a right to the patent. But it could not be revoked simply because it was *granted to* such a person.

276. This provision should also ensure that a patent which was granted before commencement was not invalid, and could not be revoked, merely because it was not granted in accordance with section 15 as it was enacted immediately prior to commencement.

Declaration as to entitlement

277. Under the new scheme, we desire the Commissioner or a prescribed court to be able to effectively transfer a patent into the name or names of a person or persons with a right to the patent. A precursor to the exercise of this power would be the Commissioner or prescribed court declaring who *does* have a right to the patent. Similarly powers would be appropriate to establish entitlement to an application for a patent which has not yet proceeded to grant. The Commissioner and prescribed courts have limited powers in this regard at present— subsections 34 (1), 35 (1) and 36 (1). But these are restricted in their application, and subsequently may not address all circumstances which might arise.

278. To this end, a new provision should be introduced, under which the Commissioner and a prescribed court each have the power to declare that a person has, or persons have:

- a right to a patent for an invention which is claimed in the complete specification relating to an application or patent—in the case of:
 - an application for a standard patent which the Commissioner has granted under section 61 of the Patents Act
 - or
 - an innovation patent in respect of which the Commissioner has decided in writing under paragraphs 101E (a) and (aa) of the Patents Act
 - or
- a right to a patent for an invention which is disclosed in the provisional or complete specification accompanying an application or patent—in any other case.

279. The general principal underlying this provision is as follows:

- Grant of a standard patent, or certification of an innovation patent, is intended to bring about some degree of finality and certainty as to what will eventually be protected by a patent. So when a declaration is made in respect of a standard patent which has been granted or an innovation patent which has been certified, it could only be made in relation to the invention as claimed in the accompanying complete specification. So if there are any inventions which are described but not claimed, the declaration could not cover who has a right to them. Although this might be harsh to an inventor whose material is disclosed but not claimed, as they could then never seek a declaration that that material was theirs, and therefore never gain patent protection for that matter, it is intended to provide some degree of public certainty once a patent has been granted.
- However, while an application is pending, or before an innovation patent is certified, there is less certainty as to what may eventually be protected by a patent that might be granted on the application. So if a declaration is made in respect of any other sort of application or patent, the declaration could deal with anything described, illustrated or claimed in the complete specification. In this case, the interests of a disenfranchised inventor in protecting their invention would be allowed to prevail over the interests of the public in certainty as to what may eventually be patented.

280. As indicated in paragraph 339 below, sections 33 to 36 would be repealed consequentially, so this power to make a declaration would not overlap with existing powers of the Commissioner or the court.

281. As Part 2 of Chapter 2 of the Act deals with ownership, this might be an appropriate Part in which to insert the new provision.

282. This power to make a declaration would operate as follows:

- As in section 34 as presently enacted, a prescribed court would be able to make this declaration in any proceedings in a court relating to a patent.

- The Commissioner would be able to exercise the power to make this declaration at any time, with some exceptions. Unless necessary, we do not see the need to specify any particular circumstances. But for information, an inclusive list of circumstances in which the power could be exercised would include:
 - when requested to do so—see below
 - during an opposition on the ground of entitlement (replacing, to some extent, the existing provisions under paragraphs 33 (1) (c), (2) (c), (3) (c) and (4) (b))
 - during re-examination on the ground of entitlement.
- Any person should be able to request the Commissioner to make such a declaration, in any circumstances other than in prescribed circumstances, and so long as the request is made in the manner prescribed in the regulations. Regulations would then be made specifying:
 - in what circumstances a person could not request a declaration to be made
 - who could request a declaration
 - that a request would have to be made in an approved form (cf reg 3.6 (a))
 - that a request would have to have with it a notice, by the person making the request, stating the grounds on which the request is made (cf reg 3.6 (b))
 - any prescribed fee that would have to accompany a request.
- The Commissioner would be able to make a declaration of his or her own volition, even without being requested to do so.
- If ‘relevant proceedings’ are pending in relation to the patent, the Commissioner would not be able to make a declaration without the leave of the court. The expression ‘relevant proceedings’ is defined in Schedule 1 to the Patents Act.
- Before making a declaration in relation to entitlement, the Commissioner would be required to give notice in accordance with the regulations. This would be similar to the notification under subsection 137 (2) and regulation 12.3.
 - The Commissioner would be required to hear all interested persons who notify the Commissioner in accordance with the regulations of their wish to be heard before making a declaration. This would be similar to the requirement under subsection 137 (3).
 - In giving these persons this opportunity to be heard, the general provisions relating to hearings would apply (regulations 22.23 and 22.24). No further amendments should be needed to ensure this.
- The Commissioner or a prescribed court could make this declaration even if:

- the application referred to in paragraph 278 above has lapsed, or has been refused or withdrawn

or

- a patent granted on this application has ceased or has been revoked or surrendered.
- The power to make this declaration should be discretionary. There may be circumstances in which the Commissioner or a prescribed court considers it inappropriate, or is unable, to make a declaration. So the Commissioner and a prescribed court should have the power to refuse to make a declaration, even if requested to do so.

283. Following this declaration, there would be several options open to the affected parties:

- lodge an appeal (see paragraph 284 ff)
- when the declaration was in relation to an application for a patent—the application could then proceed in the name of the appropriate person or persons (see paragraph 288 ff)
- in the case of a granted patent—seek rectification of the Register of Patents to reflect the declaration (see paragraph 294 ff)
- make a new application under section 29 pursuant to the declaration (see paragraph 302 ff)
- in the case of a granted patent—initiate revocation action on the ground of lack of entitlement (see paragraph 334 ff).

Lodgement of an appeal

284. When the power is exercised by the Commissioner, an appeal would lie to the Federal Court of Australia (cf subsections 35 (3) and 36 (5)).

285. Appeal to the Federal Court would be consistent with the present structure of the Patents Act. The general review mechanism for matters which involve substantive issues of patent law, as opposed to procedural matters, is through *de novo* appeal to the Federal Court, rather than through the Administrative Appeals Tribunal.

286. A decision of the Commissioner *not* to make a declaration would not be subject to appeal to the Federal Court. Such a decision would be poorly suited to a *de novo* appeal mechanism. Instead, it should only be subject to judicial review, for example, under the *Administrative Decisions (Judicial Review) Act 1977* (Cth).

287. When the power is exercised by a prescribed court, the existing appeal provisions would apply—see section 158 of the Patents Act.

Application proceeding in names of appropriate parties

288. In the case of an application for a patent, when the Commissioner or prescribed court has determined who has a right to a patent that would be granted on an application, it would be appropriate for the application to be amended to alter the nominated person who is identified, and it might be appropriate for the applicant names to be similarly altered. To achieve this, it would be convenient if the Commissioner had some powers to make consequential directions or determinations regarding how, and in what names, the application is to proceed.

289. The Commissioner already has powers in this regard under section 32 of the Patents Act, which apply if a dispute arises between any 2 or more interested parties in relation to a patent application whether, or in what manner, the application should proceed.

290. Entitlement issues are often argued under this provision. A consequential amendment described in paragraph 340 below relates to amending section 32 to ensure that entitlement determinations can no longer be made under section 32, and would have to be made under the new provisions outlined in these instructions.

291. However, the sorts of powers the Commissioner has under section 32 would still be convenient in some cases when entitlement disputes in relation to applications for patents are resolved under these new provisions.

292. We therefore require the introduction of new powers, under which, when the Commissioner has made a declaration in relation to an application for a patent, and more than one person is found to have a right to a patent for the invention disclosed in the application, the Commissioner would be able to make any determinations he or she thought fit for enabling the application to proceed in the name of one or more of those persons alone, or for regulating the manner in which it is to proceed, or both, as the case requires. As in section 32, this determination would be after a request made in accordance with the regulations by any of the parties involved.

293. Unlike the case of a proceeding under section 32, there would be no appeal to the Administrative Appeals Tribunal under this new provision (noting paragraph 224 (1) (a) of the Patents Act). Rather, any determination would, like the declaration itself, be appellable to the Federal Court of Australia.

Amendments to section 192—rectification of the Register of Patents

294. In the case of a patent which has proceeded to grant, the details of the patentee will have been entered into the Register of Patents—see the definition of ‘patentee’ in Schedule 1 to the Patents Act. If the Commissioner declares that a person who is not recorded as a patentee has a right to an invention claimed in a patent, that person might wish their name to be recorded in the Register as either the patentee or as a joint patentee. Alternatively, if the Commissioner declares that a person who is recorded as patentee has no right to a patent, other joint patentees, or the real patentee, may wish to have the Register rectified to remove the name of that person.

295. At present, any such action would have to be undertaken through court proceedings. In the interests of offering a simpler and less expensive mechanism for parties to rectify the Register following a declaration of the Commissioner, and for similarly simplifying rectification of the Register in other circumstances, the following instructions would expand the powers of the Commissioner in this regard.

296. Under subsection 192 (1), a prescribed court may make an order to rectify the Register on application by a person aggrieved by any of the following:

- the omission of an entry from the Register
- an entry made in the Register without sufficient cause
- an entry wrongly existing in the Register
- an error or defect in an entry in the Register.

297. Under subsection 192 (2), the court is able to decide any question which it is necessary or expedient to decide in connection with the rectification of the Register and make any order it thinks fit for the rectification of the Register.

298. The Act should be amended to give the Commissioner the same power the court has to rectify the Register under subsections 192 (1) and (2), with the following alterations:

- When ‘relevant proceedings’ are pending in relation to the patent, the Commissioner would not be able to decide any question or make any order without the leave of the court.
- A decision or order of the Commissioner would be appellable to the Federal Court.
- Unlike a prescribed court, the Commissioner would be able to rectify the Register of his or her own motion, without an application by a person aggrieved.

299. The alteration in the third bullet point above reflects the public interest in maintaining an accurate Register of Patents. Parties should be able to rely on the Register, and this is exemplified by subsection 195 (1) of the Patents Act, under which the Register is *prima facie* evidence of any particulars registered in it. It is also consistent with approach underlying existing subregulation 10.7 (6).

300. As Chapter 19 of the Act deals with ‘The Register and Official Documents’, and contains section 192, this Chapter might be the appropriate place to include this new provision.

Consequences of rectification of Register—re-adjustment of rights

301. [This is still subject to consultation. Instructions to be finalised following this.]

New application under s 29

302. A person who was declared as having a right to a patent for an invention would be able to make a new application for a patent covering that invention. This may be an appropriate remedy when a simple rectification of the Register would not fully address the issues. For example, a patent may disclose two inventions, and it may happen that the old patentee has a right to one of these inventions and the new patentee has a right to the other of these inventions. It may not be appropriate for both to become joint patentees, as they would then both have an equal and undivided share over both inventions (noting subsection 16 (1)). So

each patentee may instead decide to lodge a new application, for the invention to which they have a right.

303. Existing provisions permit such applications to be made—sections 33 to 36. We would like clearer and simpler provisions.

304. When a declaration as described in paragraph 278 above has been made, the person or persons declared as having a right to a patent for an invention (‘declared person(s)’) would be able to apply for a patent for that invention under section 29. The making of such a declaration should not be a precondition to the making of this new application.

305. As section 29 already appears to permit such an application to be made, it may be that no amendment is required to provide for this. But we seek the drafting of any amendment that may be necessary to ensure this.

Processing new application under section 29

306. Existing sections 33 to 36 include some procedural steps regarding how a new application is to be processed. These provisions have not proven as clear as would be liked, and we require the drafting of clearer provisions.

307. Generally, any new application made under section 29 would be processed in the same manner, and under the same timeframes, as any other application under the Patents Act. Some exceptions to this general rule are provided under specific rules outlined elsewhere in these instructions.

308. Some other exceptions would apply. These are as follows.

309. If the declaration was in relation to a granted standard patent or a certified innovation patent, the Commissioner would be required to:

- grant a standard patent or grant and certify an innovation patent, as the case may be, if the following criteria are met:
 - according to the declaration, the nominated person has a right to the patent
 - the new application is made within the prescribed period
 - the claims of the new application are identical to, or fall within the scope of, the claims of the original application or patent and comply with s 40 (2) and (3)
- otherwise—refuse the application.

310. This aim of this provision would be to restrict a new application made pursuant to an original patent which had been granted or certified to claims which are the same as or narrower than those of the original patent. By proceeding directly to grant or refusal, the Commissioner would not be required to re-do the examination and other processing steps which had already occurred on the original patent.

311. Another exception is as follows. If the declaration was in relation to an application for a standard patent which had been accepted, and the claims of the new application either were

identical to those of the original application or fell within their scope, the Commissioner would be required to:

- accept the new application if the following criteria are met:
 - according to the declaration, the nominated person has a right to a patent for the invention as claimed
 - the claims comply with s 40 (2) and (3)
 - the application is made within the prescribed period
- otherwise—refuse the application.

312. On the other hand, if the claims of the new application either were not identical to, or did not fall within the scope of, the accepted claims of the original application, this exception would not apply, and the application would be processed as outlined in paragraph 307 above.

313. The aim of this provision would be to provide two options following acceptance of the original application:

- The claims of the new application could be within the claims of the original application. In this case, acceptance would be expected to follow very shortly after the application is made.
- Alternatively, the claims of the new application might not be within the claims of the original application. This could be the case if, for example, an invention was disclosed but not claimed in the application as accepted, for example, in the case of claims deleted following a lack of unity objection. If a different person had a right to a patent for this invention, that person could seek protection for this even despite the acceptance of the original application.

314. The period prescribed under these provisions would be the period which is currently prescribed under regulation 3.8 of the Patents Regulations—3 months from the date of the declaration.

315. This power to refuse should be discretionary. For example, any problems may be remediable, for example, by changing the nominated person on the patent request form or by amending the claims.

316. The applicant would be offered an opportunity to be heard prior to any refusal, and would through that process receive an opportunity to propose any necessary amendments or argue in support of their new application.

317. The Commissioner would be required to publish a notice of this acceptance, grant, certification or refusal (as appropriate) in the Official Journal (noting the definition in Schedule 1 to the Act).

Priority date of new application

318. Under subsection 43 (1), each claim of a specification must have a priority date. The priority date is:

- the date of filing of the specification (paragraph 43 (2) (a), section 30)
- or
- another date, if the regulations so provide (paragraph 43 (2) (b) and regulations 3.12-3.14).

319. Under the Act, it is possible for different claims to have different priority dates (subsection 43 (4)), and for a single claim to have more than one priority date, with different dates for different claimed forms of the invention (subsection 43 (3)).

320. Regulations 3.12 and 3.13 provide that, in various situations, the priority date of a claim will be the date of filing of certain other documents, if the claim of the complete application is ‘fairly based’ on matter disclosed in those other documents.

321. Other instructions (section 1.3 in the instructions of 27 November 2009) have set out some changes to the priority date provisions. Some further amendments will be required.

322. When new applications by correctly entitled persons are made under sections 33-36, the priority date of the original claims is preserved: subsections 33 (5), 34 (3), 35 (1B), 36 (4). We seek the drafting of similar provisions for applications made pursuant to a declaration.

323. Under these amendments, if:

- a declaration is made under the power set out in paragraph 278 above in relation to an application or a patent (‘original application or patent’)
- an application (‘new application’) is made under section 29 for an invention disclosed in the original application or patent
- the new application is made within a period to be prescribed in the regulations
- a claim in the complete specification relating to the new application is supported by matter disclosed in the original application or patent
- according to the declaration, the nominated person in the new application has a right to a patent for the invention which is claimed in that claim

the priority date of that claim in the new application would be determined by the regulations. This would to some extent mirror the operation of subsection 36 (4).

324. The period prescribed under this provision would be the period which is currently prescribed under regulation 3.8 of the Patents Regulations—3 months from the date of the declaration.

325. As Division 3 of Part 1 of Chapter 3 of the Act deals with priority dates, this might be an appropriate place to include this provision.

326. The making of a declaration should not be a pre-condition to making this new application under section 29. However, it should be a pre-condition to any claims in the application being given an earlier priority date, as described above.

Publication of new application

327. Chapter 4 of the Act deals with publication of applications for patents. There are essentially two stages at which material related to applications for patents becomes open to public inspection ('OPI'):

- The specification generally becomes OPI 18 months after the priority date— subsection 55 (1).
- Many other documents relating to the application become OPI at the time of acceptance of a standard patent or grant of an innovation patent— subsection 55 (2).

328. Some amendments to these provisions will be required for new applications as described in paragraphs 302 ff.

329. Subsection 55 (2) will require some modifications to apply to such applications. This subsection should also apply when a notice of acceptance, grant or certification as described in paragraph 317 above is published.

Date from which rights are enforceable

330. For a standard patent, a patentee's exclusive rights extend from the OPI date— subsection 57 (1). When a new application is made by a correctly entitled person, this can be quite disadvantageous, as the rights under the new patent appear to extend only from the OPI date of the new application, which could be some years after the OPI date of the original application.

331. To address this, we require a suitable amendment which ensures that the rights of a patentee of a new patent obtained under these provisions would extend back to the date these exclusive rights commenced in relation to the previous patent or application.

332. There should be an exception to these rights. If the application in relation to which the declaration was made had been accepted but had not proceeded to grant, and the claims of the new application did not fall within the scope of the accepted claims, then the rights should not extend back in this manner. Rather, the usual rule should apply, and the rights should only extend back to the OPI date of the new application.

333. This exception reflects the situation described in the second bullet point of paragraph 313 above.

Amendment to s 138—Revocation of patents in other circumstances

334. At present, a patent is invalid, and a court can revoke it, either wholly or so far as it relates to a claim, *inter alia* on the ground that 'the patentee is not entitled to the patent' (paragraph 138 (3) (a)).

335. This provision has been interpreted in the following manner.

- In the case of co-inventors, a patent must be granted to all persons entitled under section 15—it can be revoked if it is not granted to all co-inventors or persons claiming through them.

- In the case of grant to non-entitled persons, the majority view of the existing law is that a patent can *only* be granted to persons entitled under section 15—it can be revoked if it is granted to even one person who is not entitled under that provision.

336. As indicated earlier, under the new scheme, paragraph 138 (3) (a) would be repealed and re-enacted. A patent, so far as it relates to a particular claim, could not be revoked under the re-enacted provision so long as the patentee, or at least one joint patentee, has a right to a patent for the invention defined in that claim. But the claim *could* be revoked if:

- in the case of a sole patentee—that patentee did not have a right to a patent for the invention defined in that claim
- in the case of joint patentees—none of those joint patentees had a right to a patent for the invention defined in that claim. That is, if even one joint patentee had a right to the patent, the patent could not be revoked on entitlement grounds.

337. The focus would be on who was recorded as patentee on the Register of Patents at the time the decision under section 138 was made, and not on the person who was recorded as the patentee at the time that the patent was originally granted.

338. Prior to revocation, any application for rectification of the Register of Patents to ensure that the patent is held by person(s) with a right to the patent would have to be considered and dealt with. There should be a requirement in the legislation to effect this.

Related proposals

Consequential amendments

339. The following provisions could be repealed:

- sections 33 to 36—they would be replaced by provisions described above
- the definition of ‘eligible person’ in Schedule 1—it would no longer be necessary as all of the provisions which referred to it would be repealed.

340. Section 32 of the Act is sometimes used to resolve entitlement disputes. Our view is that this was not the original aim of this provision. In view of the amendments described above, section 32 should no longer be needed for this purpose. Hence section 32 should be amended to ensure that the procedures under that provision are not a forum to resolve entitlement questions.

341. Other instructions have sought to expand the grounds considered during re-examination—section 1.5.3 of the instructions dated 27 November 2009. A further ground for re-examination ought to be added:

- in the case of an application on which a patent has not yet been granted—the Commissioner would re-examine the application and would consider and report on whether the nominated person has a right to a patent which may be granted on the application

- in the case of an application on which a patent has been granted—the Commissioner would re-examine the complete specification and would consider and report on whether the patentee has a right to the patent for the invention as claimed in any claim of the complete specification relating to the patent.

342. Innovation patents are not currently examined for entitlement. Section 101B should be amended to add this as a ground of revocation considered during examination and re-examination.

343. The following provisions will need consequential amendments:

- section 196
- paragraphs 59 (a) and 101M (a).

Application, savings and transitional provisions

344. The amendments would need to ensure that any patents which have been revoked prior to commencement of the new provisions would not be revived. The new remedies should be available to all patents, and the provision under which validity cannot be impacted as a result of incorrect entitlement at the time of grant should apply to all patents.

345. With the amendment to section 32 and the repeal of sections 33 to 36, any processes under these provisions in progress at the time of commencement (other than appeals of decisions which were made prior to commencement) should be treated as proceeding under the new provisions.

1.3.2 Non-infringement declarations

Background

346. Under the Patents Act, a person (*the applicant*) is able to apply to a court for a declaration that the exploitation of an invention would not infringe the claims of a particular complete specification (owned by *the respondent*). This is known as a ‘non-infringement declaration’.⁶⁸

347. Non-infringement declarations were first introduced in Australia under the 1952 Act.⁶⁹ These were aimed at manufacturers who were proposing to make an article or to use a process but who could not obtain clear legal advice, or an assurance from a patentee, that their proposed activities would not infringe a patent.⁷⁰ Other features of the Australian provisions include that:

- the validity of a claim cannot be challenged during the proceedings for the declaration

⁶⁸ The relevant provisions for non-infringement declarations are set out in the 1990 Act at Chapter 11, Part 2.

⁶⁹ *Patents Act 1952*, s 120.

⁷⁰ *Report of the Committee appointed by the Attorney-General of the Commonwealth to consider what alterations are desirable in the patent law of the Commonwealth*, 1952.

- the applicant must pay the costs of all parties in the proceedings, unless the court orders otherwise
- only a court is able to make a non-infringement declaration
- a non-infringement declaration cannot be made unless a patent has been granted for the relevant invention.

348. The first judicial consideration of non-infringement declarations in Australia appears to have been the recent Federal Court decision *Occupational and Medical Innovations v Retractable Technologies Inc.*⁷¹ In this decision the provisions were interpreted as applying only when the applicant was themselves a patentee or patent applicant. The Court interpreted the reference to ‘a person who wishes to *exploit* an invention’ as being a person who is entitled to exploit an invention as defined in the dictionary.

349. The restriction that the applicant for the declaration must themselves be seeking to exploit a patent appears to be significantly narrower than the intended operation of the provisions. It does not reflect the policy intent of the provisions, which was to ensure that commercial activity is not unduly inhibited by the patent system, regardless of whether or not that activity is the subject of a patent.

350. This decision also held that a non-infringement declaration can be obtained even before the respondent’s patent has been granted. This does not reflect the policy intent of the provisions, which was that non-infringement declarations be available for granted patents only. There are arguments both for and against permitting non-infringement declarations prior to grant of a respondent’s patent.

351. Firstly, patent grant can be delayed for some years, for various reasons. Permitting non-infringement declarations prior to grant of the respondent’s patent would prevent these delays from impacting adversely on competitor businesses, as competitors would be able to seek declarations at any time.

352. However, a non-infringement declaration based on an application for a patent which has not yet proceeded to grant may not be of much use to the recipient, as patent applications can be amended quite significantly during prosecution.

353. Non-infringement declarations are also available in other jurisdictions, including the UK. Such declarations have been used in the UK where an alleged infringer has made changes to an allegedly infringing article to circumvent the alleged infringement,⁷² or to facilitate market entry of a product (‘clearing the way’ to market by way of a non-infringement declaration or a revocation action).⁷³

354. However, in contrast to Australian Law, the validity of a patent may be challenged during non-infringement declaration proceedings.⁷⁴ Furthermore, there is no restriction that the applicant for the declaration must also be seeking to exploit a patent.

Instructions

⁷¹ [2008] FCA 1102; 77 IPR 570.

⁷² See for example, *Filhol v Fairfax* [1990] RPC 293 and *Rodi & Wienberger v Showell*, [1966] RPC 441.

⁷³ See for example, *Smithkline Beecham PLC v Apotex* [2002] EWHC 2556.

⁷⁴ UK Patents Act 1977, s 74 (1) (c).

355. We seek an amendment of the Act to clarify that a party may seek a non-infringement declaration, whether or not they have applied for, or been granted, a patent relating to the activity for which they are seeking the non-infringement declaration.

356. Section 125 (1) of the Act currently sets out that:

A person who wishes to exploit an invention may apply to a prescribed court for a declaration that the exploitation of the invention would not infringe a claim of a particular complete specification.

357. The Court in *Occupational and Medical Innovations v Retractable Technologies Inc.*, interpreted the reference to a ‘person who wishes to *exploit* an invention’ as being a person who is entitled to exploit an invention as defined in the dictionary. The court inferred that such invention must be the subject matter of a patent or a patent application.

358. We consider that the desired amendment could be achieved by replacement in s 125 (1) of the references to exploitation of the invention with terminology that clearly provides that the activities of the party requesting the non-infringement declaration are not limited to where the party has applied for, or been granted, a patent relating to the activity.

359. The amendment is also intended to apply to past, present and future acts. We note in this regard the terminology used in the corresponding UK legislation⁷⁵, which sets out that ‘...a declaration or declarator that **an act does not, or a proposed act would not**, constitute an infringement of a patent may be made by the Court...’ (emphasis added). We consider that similar terminology would achieve the desired outcome.

360. We believe that such an amendment would also clarify that action for a non-infringement declaration may commence in relation to a granted patent only, not in relation to an application that has not yet proceeded to grant.

361. We further seek amendment of the Act to enable the validity of a patent to be challenged during proceedings to obtain a non-infringement declaration. This is intended to allow the Court to consider the validity of claims concurrently. We consider that this could be achieved by amending s 126 (2) to clarify that the validity of a claim can be questioned in proceedings for a non-infringement declaration, leaving it to the Court to decide, in a particular situation, the most efficient way to deal with different contentions.

362. Finally, we seek an amendment of the Act such that the costs of proceedings for a non-infringement declaration are not solely payable by the applicant for the declaration. Rather we seek that the costs of proceedings should be in the discretion of the court. We consider that this could be achieved by removal of s 126 (3), leaving it to the normal practices of the Court to apply.

2 Flexible search and examination

2.1 Flexible examination options

2.1.1 Early search and opinion

Background

⁷⁵ UK Patents Act, s71 (1)

363. Standard patent applications are examined prior to grant. Section 45 of the Act sets out that where the applicant asks for an examination of their application the Commissioner must report on whether:

- the specification complies with section 40
- the invention satisfies the requirements of paragraph 18 (1) (a)
- the invention is novel and inventive
- such other matters as are prescribed by the Regulations.

364. Australian has a ‘deferred’ system of examination, under which the search and examination process does not take place until the applicant requests examination.⁷⁶ This may not occur for a number of years after filing of the application.

365. Most Australian patent applications (97%) are filed in one or more other jurisdictions, with the majority (84%) filed through the Patent Cooperation Treaty (PCT). Applications filed through the PCT have an International Search and International Preliminary examination conducted on them, generally 12 to 18 months after their priority date, with an International Search Report and International Preliminary Report on Patentability published with the application when it becomes open to public inspection, generally at 18 months after the priority date.⁷⁷

366. Similarly, overseas patent offices such as the UK patent office carry out a search on their national applications shortly after filing, with a report published when the application becomes open for public inspection (OPI). Such information early in the life of an application can inform the applicant of shortcomings in their application, as well as providing an early indication of the patentability of their invention and likely scope of their patent rights, if granted.

367. Applicants filing only in Australia (about 3%) generally do not have the benefit of an early search and examination of their application, with information about the potential patentability of their application only becoming available to them and to the public when the application proceeds to examination in Australia. For competitors and the public, uncertainty about the existence or likely scope of patent rights can act as a disincentive to develop products in the same technical field.

368. Whilst Article 15 (5) of the PCT provides for an applicant to request an international-type search to be carried out on an Australian application, such searches are not published and do not comprise a detailed opinion of patentability or other issues. Accordingly, these are of limited benefit to the applicant, their competitors and the public.

369. The present amendment seeks to provide for a preliminary search and opinion of a non-PCT standard patent application within a timeframe that allows a search and opinion report to be published when the application is made open for public inspection.

Instructions

⁷⁶ The relevant processes for examination request s 44 of the Act, and Regs 3.15 and 3.16.

⁷⁷ Article 15 of the Patent Cooperation Treaty

370. We seek an amendment to Chapter 3, Part 2 of the Act to give the Commissioner the power to subject a patent request and complete specification relating to an application for a standard patent to a preliminary search and examination, under the circumstances and as prescribed in the Regulations.

371. We intend that the circumstances, as prescribed in the Regulations, will be:

- where the application is other than a PCT⁷⁸ or a divisional⁷⁹ application, that is, a convention application⁸⁰ or non-convention application⁸¹ (complete-after-provisional and complete applications without an earlier priority claim)

and

- where the application does not have an equivalent application filed in another ‘recognised’ jurisdiction for which a search of the claimed invention by that jurisdiction is expected to be published prior to examination of the application under s 45.

372. ‘Recognised’ jurisdictions will be set out in the Regulations. These are intended to include overseas patent offices that are International Search Authorities and/or offices that have completed search comparison exercises with IP Australia.

373. We intend that the preliminary search and examination, as prescribed in the Regulations, would be similar to an international search and preliminary examination conducted under the PCT.

374. The preliminary search and opinion report is not intended to be open to dispute or comment by the applicant or any other party, and no correspondence is intended to be undertaken in relation to the *substance* of issues raised in the report. Nevertheless, the applicant may provide comments or make amendments in response to issues raised at any time following the issue of the preliminary search and examination report. Such comments and/or amendments would be taken into account during examination.

2.2 Requesting examination and gaining acceptance

Background

375. Australia has a system of deferred examination⁸², where examination does not occur unless requested by the applicant, either of their own volition or in response to a direction from the Commissioner to request examination.⁸³ The applicant can request examination at any time after filing (or national phase entry for PCT applications), but must request examination within 5 years from filing of the complete application.⁸⁴ In most cases applicants wait until receiving a direction from the Commissioner to request examination, in which case

⁷⁸ Chapter 8, Part 1 of the Act.

⁷⁹ Chapter 6A of the Act.

⁸⁰ Chapter 8, Part 2 of the Act

⁸¹ These are generally dealt with in Chapter 3, Part 1, Division 1 of the Act.

⁸² Deferred examination was first introduced in Australia with the Patents Act 1969, date of ascent 14 June 1969, No 34.

⁸³ Section 44 of the Act (Request for Examination)

⁸⁴ Reg 3.15 (1)

they must request examination within 6 months of the date of the direction⁸⁵, or else the application lapses.⁸⁶

376. Once examination commences, the applicant has 21 months from the date of the first examination report to gain acceptance of the application.⁸⁷ If the application is not accepted within this time then it will lapse.⁸⁸ If a response is filed after 12 months from the date of the first report, then response fees are payable for each month (or part thereof) after the 12 month period.⁸⁹

377. In most instances, it is in the interests of the applicant to delay examination for as long as possible, as this gives them additional time to assess the commercial prospects of the invention before incurring the expense of prosecuting the application. However, extended delays are not in the best interests of the public and competitors, who can benefit from the certainty provided by an early finalisation of the application. Furthermore, the present system provides some flexibility in workflow, as the Commissioner can time the issue of directions to balance workloads and office resources.⁹⁰

378. IP Australia considers there is scope within the current system for timeframes to be adjusted to provide a quicker determination of applications following the Commissioner's direction to request examination and following commencement of examination. We consider that this may be achieved by changes to the relevant time periods set out in the Regulations.

Instructions

379. We seek amendment of reg 3.16 (2) of the Patents Regulations to reduce the prescribed period for an applicant to respond to a direction under s 44 (2) from 6 months to 2 months. We also seek removal of the reference to a request under s 47 (1) of the Act. We are seeking repeal of this section in separate instructions (see also 'Related proposals' below).

380. We further seek amendment of reg 13.4 (1) (a) of the Patents Regulations to reduce the period to gain acceptance after the date of the first report from 21 months to 12 months. The provisions relating to the payment of response fees will no longer be required, and accordingly amendment to reg 22.2E, reg 22.2F and Schedule 7 (fee item 232) will also be required.

Related proposals

381. IP Australia is seeking to repeal the provisions of the Patents Act to remove the ability of an applicant to request modified examination of an application.⁹¹ Regulation 13.4 (1) (b) sets out the prescribed period for acceptance of an application following the first report under s 48 (modified examination) at 21 months. This provision is expected to be repealed with the repeal of modified examination provisions, and accordingly no instructions are given in this regard.

⁸⁵ Reg 3.16 (2)

⁸⁶ Section 142 (2) (a) of the Act

⁸⁷ Reg 13.4 (1) (a)

⁸⁸ Section 142 (2) (e) of the Act.

⁸⁹ Schedule 7, Part 2, Item 232.

⁹⁰ Section 44 (2) provides that the Commissioner, may, on one or more prescribed grounds, direct an applicant to request examination. The prescribed grounds are set out in Reg 3.16 (1). Reg 3.16 (3) sets out that the reasons for the direction must be given in writing and state the grounds for which it is given.

⁹¹ Section 2.3 –Modified Examination

2.3 Modified Examination

Background

382. Modified examination first commenced in Australia as a result of amendments made in the *Patents Act 1969* (date of assent, 14 June 1969, no. 34). Modified examination was intended to make as much use as possible of work which is done by other patent offices in respect of applications that are equivalent to applications filed in Australia. The provisions for modified examination were retained in the current Patents Act.⁹²

383. However, modified examination is rarely used. In its current form it offers limited benefits to most applicants and the added complexity of a different examination regime. Accordingly we seek an amendment to the Act to remove the modified examination provisions. Aspects of modified examination will be incorporated into standard examination, with a fee adjustment in the Patents Regulations to reflect the reduced examination work done where an Australian examiner can rely on work done by another patent office

Instructions

384. We seek repeal of the provisions in the Act relating to Modified Examination. The purpose of this amendment is to ensure all standard applications in Australia are subject to the standard examination process under s 45.

385. We consider this can be achieved by repeal s 47 (request for modified examination) and s 48 (modified examination). Repeal of s 142 (2) (c) will also be required.

386. Furthermore, the provisions of s 46 (Request for deferment of examination' were introduced to facilitate the use of modified examination⁹³, and as a consequence we consider that this section should also be repealed.

⁹² Sections 46 – 48.

⁹³ See Explanatory Memorandum, 1990 Act, Clause 46.