



Australian Government

IP Australia

Resolving Divisional Applications Faster

Toward a Stronger and More Efficient IP Rights System

**IP Australia
Consultation Paper
June 2009**





1. Introduction

This paper is one of several papers¹ setting out proposals directed at improving the fit and function of the Australian patent system as a vehicle to support innovation.

The object of this paper is to encourage discussion on the proposed changes and their likely impacts on Australian business and innovation.

IP Australia invites any interested parties to make a written submission, and in particular seeks responses to the questions posed in the paper. Comments will be welcome from anyone interested in the operation of the patent system in Australia and its interaction with patent systems in jurisdictions of Australian business interest, but especially from those who have been, are, or expect to be users of the Australian patent system and/or those of other jurisdictions.

IP Australia will consider submissions and then make recommendations to Government on the way forward.

The closing date for submissions is 17 August 2009.

Written submissions should be sent to:

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Please note that, unless requested otherwise, written comments submitted to IP Australia may be made publicly available.

A request made under the Freedom of Information Act 1982 for access to a submission marked confidential will be determined in accordance with that Act.

¹ See also 'Getting the Balance Right' and 'Exemptions to Patent Infringement', released 29 March 2009, and 'Resolving Patent Opposition Proceedings Faster' and 'Resolving Trade Mark Opposition Proceedings Faster', released 17 June 2009.



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2. Background

1. The patent system stimulates innovation by granting limited monopoly rights to inventors, and by increasing public availability of information on new technology. To meet its aims, the patent system must achieve an appropriate balance between the competing interests of the innovator seeking patent protection, commercial competitors who might be affected by grant of a patent, and the public interest. Delays in determining patentability may upset this balance by causing extended periods of uncertainty in the marketplace as to the existence and scope of patent rights.

2. Australia’s patent legislation permits applicants to file ‘divisional’ patent applications for additional inventions disclosed in their earlier parent application(s). A patent application must relate to one invention only, and divisional provisions permit applicants to ‘divide’ out multiple inventions into separate applications without losing their priority rights. It is not unusual for an applicant to file multiple generations of divisionals, giving rise to what is referred to as a ‘family’ of divisional applications, all of which have the same priority date as the original parent application.

3. Divisional applications also allow applicants to defer prosecution costs by staging prosecution of their inventions. This is particularly useful for low-capitalisation start-ups and may assist small to medium business enterprises protect their innovations.

4. Divisional applications are also used for purposes other than protecting additional inventions. These uses include continuing to argue issues raised during examination of parent applications and carving out specific areas within the claims of a parent application.

5. Divisional applications can be filed at any time prior to grant of the parent application and are generally filed well after, often many years after, filing of the parent application. Consequently, resolution of divisional applications frequently does not occur until many years after their priority date. Indeed, over 95% of divisional applications are not resolved until 10 years after their priority date.²

6. This paper proposes legislative and practice changes to the filing and examination of divisionals that aim to ensure that the balance in the system is appropriate. In particular, the changes balance the interests of applicants in having sufficient time to prosecute their application(s) and the flexibility to stage prosecution of multiple inventions while reducing delays that are unnecessary, unproductive and unfair to other users of the patent system and to the public.

² Based on data collected by IP Australia up to 2002.



3. Summary of proposals

7. In order to reduce the delays associated with resolution of divisional applications, IP Australia proposes several changes to the way in which divisionals are filed and processed:

- Applicants would be directed to request examination soon after filing of a divisional, and examination will commence more quickly after the request is filed.
- The prosecution of divisional applications would be actively managed to ensure an early determination.
- The times available for filing a divisional application following acceptance and for amending the patent request form to claim divisional status would be reduced.
- Applicants would need to seek leave to withdraw an opposed application.

8. The first two changes above would make use of existing legislative provisions, while the latter two would require legislative change. Each of these proposals is detailed below.

3.1 Directions to request examination and priority of examination

9. As discussed previously, divisional applications are generally filed some years after filing the parent application, and once filed are processed and examined in the same way, and according to the same time frames, as standard applications. Currently, these time frames include waiting for the Commissioner to issue a direction to request examination, a six month time frame within which the applicant is able to respond to the Commissioner's direction, time spent in the 'queue' for examination and twenty one months within which to finalise examination. Reducing one or more of these timeframes presents a means of reducing the delays in determination of divisional applications.

10. IP Australia proposes two changes to the examination timeframes for divisional applications. Firstly, IP Australia proposes a change to the timing of directions to request examination for divisional applications. In particular, the Commissioner would direct applicants to request examination of divisional applications:

- within one month of filing the divisional application, where examination of another family member has previously been requested or directed; or
- if there are no previously examined family members, at the same time as examination of the first member of the family is requested or directed.

11. Similar rules would apply in the case of an existing non-divisional application that is amended to become a divisional application of another application.

12. A second proposal involves a practice change, wherein the Commissioner would examine any divisional application shortly after examination is requested. That is, the application would not be examined in the usual request-date order, but rather would go to the 'front of the queue'.



3.1 Proposed Changes

The Commissioner would direct the applicant to request examination of a divisional application at the same time as any divisional family member, or within one month of filing where examination of a family member has been previously requested or directed.

Once examination is requested, divisional applications would have high priority in the order of examination.

13. This combination of measures will meet the objective of achieving an earlier determination of patent rights associated with an invention without unduly reducing the time available to applicants to get their applications in order for acceptance. This will better balance the interests of all parties, particularly the public and potential competitors, who will have an earlier indication of where they have freedom to operate.

3.2 Case management of divisional applications

14. In some circumstances, divisional applications are not used to claim additional inventions, but rather are used to further argue the issues raised in the parent application. In such circumstances, the divisional is often filed with identical or substantially identical claims to those originally filed in the parent application. This results in a *de facto* extension of the twenty one month examination period and unduly shifts the balance away from the interests of the public in having resolution of the application within a reasonable timeframe.

15. IP Australia believes that it is appropriate to resolve these divisional applications as quickly as possible. In particular, examination of the invention has generally taken place, by virtue of the examination of the parent application. Consequentially, the applicant should be well aware of, and be in a position to resolve, any outstanding issues. To this end, IP Australia is proposing to more actively manage the prosecution of divisional applications in order to ensure an earlier determination of matters (that is, acceptance or refusal).

16. In particular, the divisional application would be assessed as soon as a request for examination is received. Where the divisional application claims the same or substantially the same invention as claimed in the parent application the Commissioner would review the application, and where appropriate set the case for hearing. Similarly, where the divisional application essentially continues arguments that have led to an impasse during examination of the parent, or a related divisional application, then the case too would be set for hearing.

17. IP Australia expects that a hearing would result in the application being accepted or refused, or in the Commissioner directing amendments be made. This is similar to the approach currently taken in situations where an examiner and applicant have reached an impasse during examination of an application.

18. IP Australia considers that this proposal would assist in the early determination of applications without unduly restricting the time that the applicant has to consider and overcome issues raised during examination.



3.2 Proposed Change

IP Australia would 'case manage' examination processes in order to reduce unnecessary delays on any divisional application.

19. The proposed process change does not require legislative change, but instead uses existing powers in the Patents Act. IP Australia expects that senior IP Australia staff would be involved in the assessment process. Furthermore, IP Australia would develop and publish process guidelines to ensure that applicants have a clear understanding as to which applications may be subject to the revised examination process, and how they may be treated.

3.3 Filing divisional applications, and converting applications to claim divisional status

20. In the ordinary course of events, grant of a patent occurs at around 6 months after acceptance of the application. However, where an application is under opposition grant may not occur until some years after acceptance.

21. Current Australian law allows a divisional application to be filed at any time up to grant of the parent application, including during opposition proceedings. Thus, a divisional application can be filed some years after acceptance of the parent application. This can significantly delay determination of the invention, and impose additional costs on the public by extending the time that they must keep track of divisional filings and keep track of the scope of the rights in an invention or suite of inventions.

22. In order to better balance the interests of the different stakeholders, IP Australia is proposing to reduce the time within which divisional applications can be filed. Under the proposal, the period for filing a divisional application would end no later than 3 months following advertisement of acceptance of the parent application. This would achieve a better balance between giving the applicant sufficient time to divide out any additional inventions disclosed in the parent application and avoiding undue delays in the resolution of applications. This time limit is illustrated in Figure 1.

23. A further issue concerns an opposed application being 'converted' to become a divisional application of an earlier application or patent. Currently a request to amend a standard application to become a divisional application can be filed at any time prior to grant of the 'divisional' application, including during opposition proceedings. For example, if an applicant's earlier application is cited against the novelty of the opposed application the opposed application can be amended to become a divisional of the earlier application. This provides the opposed application with an earlier priority date, and circumvents the lack of novelty.

24. However, this situation can result in unnecessary costs for an opponent who has prepared evidence based on the original priority date of the opposed application, only to have the application converted to a divisional application and given the earlier priority date of the parent application. Indeed IP Australia is aware of one instance where an applicant made such an amendment following a hearing by the Commissioner, and some 8 years after the filing date of the application.



25. In order to address this issue, IP Australia proposes that a request to amend an application to claim divisional status only be allowed during the time that a divisional application could ordinarily be filed. That is, that a request must be made no later than 3 months following the date of advertisement of acceptance of the 'parent' application.

26. However, IP Australia also recognises that there may be instances where this time period may have elapsed before the applicant becomes aware that an invention disclosed in one of their earlier applications impacts on the novelty of a later application. To this end, IP Australia proposes that the request to amend the application to claim divisional status from an earlier application may also be made no later than the issue of the notice of acceptance on the 'divisional' application.

3.3 Proposed Change

The period for filing a divisional application will end no later than 3 months following advertisement of acceptance of the parent.

The time for requesting amendment of a patent request to claim divisional status will end:

- no later than 3 months from the date of advertisement of acceptance of the earlier 'parent' application; or
- prior to issue of a notice of acceptance on the application that is being converted to a divisional.

27. IP Australia further recognises that there may be legitimate circumstances where, due to an error or omission, applicants inadvertently miss a deadline for filing a divisional application or amending to claim divisional status. To this end, the extension of time provisions of section 223 would remain available to applicants in such circumstances.

28. IP Australia considers that this proposal would provide an appropriate balance between the interests of the applicant in having sufficient time to divide out any additional inventions disclosed in the parent application and the public interest in having an expeditious resolution of applications.

3.4 Withdrawing applications during opposition

29. During opposition proceedings, applicants often file a divisional application and then withdraw the opposed application. Indeed, IP Australia's records show that of 621 opposed applications, 33% had divisional applications filed. Of this 33%, 61% of the parent applications were withdrawn following filing of the divisional.³ IP Australia considers that this strategy is not in the best interests of the public as it:

- delays resolution of matters;
- potentially puts the opponent to unnecessary costs in preparing for an opposition that does not proceed; and,

³ Of 621 applications with notices of opposition filed between 1992 and 2006, 207 had divisional applications filed and 127 of the parent applications were withdrawn following filing of the divisional application. Data drawn from IP Australia's patent administration databases.



- does not take advantage of the opportunity for the Commissioner to give detailed consideration to an application whose validity is in question.

30. To address this issue, IP Australia proposes legislative changes under which the the applicant will have to ask the Commissioner for leave to withdraw the opposed application. The Commissioner could refuse or grant the request. However, if the Commissioner intended to refuse the request, the applicant would have the opportunity to request a hearing.

3.4 Proposed Change

An opposed application could only be withdrawn if the Commissioner grants leave for the withdrawal.

31. For example, the Commissioner might refuse to grant leave to withdraw an opposed application that is part of a divisional 'family' until after the Commissioner has decided the opposition or unless the applicant withdraws all other divisional family members claiming the same matter. This would ensure that any divisional that claims (or could claim) an invention claimed in the opposed application only proceed in the light of the Commissioner's decision on the opposition, or that of the Federal Court on appeal.

32. The proposal applies only to opposed applications: withdrawal of any other application will continue according to existing processes. Moreover, the Commissioner would be unlikely to refuse leave to withdraw an opposed application:

- that has no divisional descendants;
- whose divisional family members have been granted or withdrawn; or
- whose divisional family members claim different inventions.

33. The proposed system would better serve the public interest by achieving an earlier determination of the matter. Opponents would not incur unnecessary expenses in opposing an application that ultimately is withdrawn. IP Australia considers that this change would provide a better balance of the interests of parties.

4. Questions

Please consider the questions below in relation to each of the proposals.

1. Do you agree in principle with IP Australia's proposal?
Please provide reasons and support for your answers.
2. Do you think IP Australia's formulations are the best solutions for the problem(s) identified?
Please provide reasons and support for your answers.



5. Figure 1: Current proposed divisional filing processes

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