



Australian Government

IP Australia

Toward a Stronger and More Efficient IP Rights System

Proposed reforms:

- Getting the Balance Right
- Exemptions to Patent Infringement
- Resolving Patent Opposition Proceedings Faster
- Resolving Trade Mark Opposition Proceedings Faster
- Resolving Divisional Applications Faster

**IP Australia
Consultation Paper
November 2009**





Introduction

In March and June of 2009, IP Australia released a series of public consultation papers:

- *Getting the Balance Right*, March 2009
- *Exemptions to Patent Infringement*, March 2009
- *Resolving Patent Opposition Proceedings Faster*, June 2009
- *Resolving Trade Mark Opposition Proceedings Faster*, June 2009
- *Resolving Divisional Applications Faster*, June 2009.

These papers proposed a series of reforms to Australia's intellectual property system, primarily the patent system.

The papers were circulated to a wide range of stakeholders with an interest in Australia's intellectual property system, including legal professionals, industry and business, academia, research institutions and various government organisations and agencies. They were also placed on IP Australia's website. Also, representatives of IP Australia held a number of face-to-face meetings with interested stakeholders and stakeholder groups.

IP Australia has reviewed the submissions to the consultation papers and issues raised at stakeholder meetings and is now seeking to develop the detail of the proposals, taking this feedback into account.

The object of this paper is to:

- seek views on the detail of the revised proposals
- summarise the key issues raised during consultation.

IP Australia invites written submissions on the detailed revised proposals. IP Australia will consider the submissions during development of the detail of the proposed changes. The closing date for submissions is Friday, 12 February 2010.

Written submissions should be sent to:

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Unless requested otherwise, written comments 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.



Executive Summary

This is the first of two papers setting out the detail of proposed changes discussed in the series of seven consultation papers released by IP Australia between March and August 2009.

This paper should be read in conjunction with draft drafting instructions, which are provided as an accompaniment to this paper.

The paper is divided into five sections. Each section corresponds with a first-round consultation paper.

- Section 1 – *Getting the Balance Right*
 - 1.1 – raising patentability standards – full description, fair basis, provisional applications and amendments
 - 1.2 – raising patentability standards – inventive step
 - 1.3 – improving certainty – requirements considered during examination, re-examination and opposition
 - 1.4 – improving certainty – balance of probabilities
- Section 2 – *Exemptions to Patent Infringement*
 - 2.1 – experimental use
 - 2.2 – regulatory review
- Section 3 – *Resolving Patent Opposition Proceedings Faster*
- Section 4 – *Resolving Trade Mark Opposition Proceedings Faster*
- Section 5 – *Resolving Divisional Applications Faster*

The sections explain how IP Australia intends to progress each of the proposals put forward in the first-round consultation papers, provide details of the specific solutions proposed by IP Australia and summarise issues raised in submissions to the first-round papers.

Submissions to the first-round papers:

- expressed in-principle support for many of the proposals, but
- mixed views as to the best way of achieving the proposed changes.

There was strong support across submissions for improving alignment of Australian patentability standards with standards in other countries. Many respondents commented that lower standards are adversely affecting innovation and investment in research and development in Australia and contributing to the cost and complexity for users of the patent system.



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1 Getting the balance right

1.1 Raising patentability standards—full description and fair basis

1.1.1 Full description and fair basis

1. Under proposal 3.1 of *Getting the Balance Right* IP Australia proposed changes to the full description and fair basis requirements under the Patents Act.
2. IP Australia proposes the following change:

1.1.1 Proposed change

- Amend s 40 (2) (a) of the Patents Act to require the applicant to describe the invention fully in a manner which enables the invention to be performed across the whole scope of the claim or claims by a person skilled in the relevant art without undue experimentation.
- The requirement that the description should include the best method known to the applicant of performing the invention would be retained.
- Amend s 40 (3) of the Patents Act to replace the requirement that the claims be ‘fairly based on’ the matter described in the specification with a requirement that the claims be ‘supported by’ the matter described in the specification.

3. The main change from the original proposal is to spell out that claims must be supported by the specification. This involves retaining s 40 (3). Submissions were particularly concerned to ensure that claims were consistent with the description in the body of the specification.

4. Section 40 (3) is, however, to be amended to replace ‘fair basis’ with the term that is used in other jurisdictions to address issues such as consistency – ‘supported’. This alignment of language is intended to help to maintain consistency in interpretation of the requirements between Australia and its trading partners.

5. As such, the intention is that the concept of ‘support’ would be interpreted in a manner similar to how it is interpreted in overseas jurisdictions. In particular:

- The description would have to provide a basis for each claim.¹
- The scope of the claims could not be broader than is justified by the description and drawings.²
- A claim would be regarded as supported by the description unless the person skilled in the art would be unable, on the basis of the information given in the application as filed, to extend the teaching of the description to the whole of the field claimed by using routine methods of experimentation or analysis.³

¹ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, World Intellectual Property Organisation (WIPO), March 2004, at 5.43; *Guidelines for Examination in the European Patent Office*, European Patent Office (EPO), at 6.1; *Manual of Patent Examining Procedure*, USPTO, July 2008 at 608.

² *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.43; *Guidelines for Examination in the European Patent Office*, EPO, at 6.1.

³ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.44; *Guidelines for Examination in the European Patent Office*, EPO, at 6.3.



- Vague statements or assertions in the specification would *not* provide adequate support.⁴

6. It is generally recognised in patent law that claims are generalisations of one or more particular examples set out in the specification, and that the extent of generalisation permissible differs in each particular case in the light of the relevant prior art.⁵ But claims generally cannot be either so broad that they go beyond what the inventor has actually invented, nor so narrow as to deprive the applicant of a ‘just reward’ for the disclosure of the invention.⁶ As a result, it is usually allowable around the world for claims to cover obvious modifications and uses of, and equivalents to, what the applicant has described in detail. So too is it usually allowable for applicants to draft broader claims when it is reasonable to predict that all the variants covered by the claims have the properties or uses which the applicant ascribes to them in the description.⁷

7. IP Australia intends that this approach would be preserved under the proposals outlined above.

8. As is commonly the case in other countries, there would be some degree of overlap between the new full description and support requirements.⁸

9. No change will be made to the existing requirement in s 40 (2) (a) for providing a best method of performance.

10. One submission queried whether there is a need to codify the ‘undue experimentation’ requirement. This is being proposed in order to reduce uncertainty as much as possible about the level of detail required in specifications under the new disclosure requirement.

11. IP Australia is against being too prescriptive regarding the number of examples or embodiments that must be provided. The level of detail and number of examples required would vary depending on the area of technology and the particular invention. In some circumstances a single example may suffice, so long as it enables performance of the invention across the full scope of the claims. However, where the applicant claims, for example, a broad class of chemical compounds, it may be necessary to provide a number of examples extending across the broad class. The test should not come down to the number of examples that are provided. Rather, the test should focus on whether the person skilled in the relevant art, based on the information that is provided in the complete specification, can perform the invention across the whole scope of the claims without an unreasonable amount of trial and error.

12. One submission recommended that the requirement should instead be that the invention be enabled ‘substantially’ across the scope of the claims, as:

- Overseas jurisdictions do not require the specification to provide directions for the making of every alternative embodiment.

⁴ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.44.

⁵ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.52; *Guidelines for Examination in the European Patent Office*, EPO, at 6.2.

⁶ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.52; *Guidelines for Examination in the European Patent Office*, EPO, at 6.2.

⁷ *International Search and Preliminary Examination Guidelines*, PCT/GL/ISPE/1, WIPO, March 2004, at 5.52; *Guidelines for Examination in the European Patent Office*, EPO, at 6.2.

⁸ *Guidelines for Examination in the European Patent Office*, EPO, at 6.4.



- This would ensure that a genus claim does not fail if one thing only within the claim is not enabled.

13. IP Australia does not agree with this recommendation. Even without the inclusion of such a term, the proposal would not require directions for the making of every alternative embodiment. The requirement would be to enable all embodiments falling within the scope of the claims, and so long as the specification provided sufficient directions for the person skilled in the relevant art to do this, without undue experimentation, the requirement would be met. The other argument put is that a genus claim should not fail if one thing only within the claim is not enabled. But IP Australia's view is that such a claim *should* fail in that circumstance, unless the non-enabled thing was to be excised from the claim. Otherwise, the patentee would benefit from a monopoly for a thing they had never enabled.

14. One submission recommended that, during examination, absolute proof of enablement across the full scope of the claims should not be required. Rather, this must be plausible or credible. IP Australia agrees generally with this approach. The existing standard (reg 3.19 (1)) would apply before an objection were raised. That is, the Commissioner would have to 'reasonably believe' that a lawful ground of objection exists.

15. Some submissions agreed that the relevant concerns should be addressed, but not by amending Australian law. However, in IP Australia's view changes to policy and practice would not provide an adequate solution. Patent Office policies and practices are constrained by the current state of the law. Any revised examination guidelines could not, in any event, impact on judicial decision-making. Rather, IP Australia's view is that legislative amendment is the only means of addressing the identified issues.

1.1.2 Date at which new matter can be inserted into a specification

16. Under proposal 3.2 of *Getting the Balance Right* IP Australia proposed amending provisions governing the date at which new matter can be inserted into a patent specification.

17. IP Australia proposes the following changes:

1.1.2 Proposed changes

- Amend s 40 to require s 40 (2) (a) to be satisfied at the filing date of the complete application. The best method of performance of the invention would also be required at this time.
- Amend s 41 to provide that this requirement is satisfied as long as the existing 'deposit requirements', set out in s 6, are satisfied.
- Repeal s 102 (1) and replace with a new provision under which an amendment to a complete specification is not allowable if, as a result of the amendment:
 - the claims would not be supported by the matter disclosed in the specification at its filing date
 - the disclosure contained in the amended specification would go beyond the disclosure contained in the specification at its filing date.

18. The intention of these amendments is to ensure that the claimed invention is fully described at the filing date of the complete specification and to prevent the addition of new matter at a later date.



19. The change will also better align Australian standards for amendment with standards elsewhere. However, a difference that will be retained is the scheme that exists in Australia for dealing with the situation where an amendment is inadvertently allowed in contravention of s 102. In such circumstances the amendment would be taken to have been made, but the priority dates of the claims could in some circumstances be the date of filing the statement of proposed amendments. In the absence of such a scheme invalidity of a patent may well arise. This scheme is more beneficial to applicants and to patent owners, and is consistent with the operation of Australia's patents legislation.

20. Submissions were generally supportive of the change.

21. One submission noted that some small and medium enterprises (SMEs) may avoid the patent system because early disclosure of all of the details of the invention makes the invention available to competitors. However, delaying disclosure of the details of inventions creates uncertainty for competitors and the public, who do not know where they have freedom to operate. Innovation suffers because innovators are not provided with the details that they need to commence follow-on innovation.

22. Some members of the university sector considered that the proposal would create hardship as patent applications are often filed within very short time frames in the face of an impending disclosure, and with insufficient time to include all relevant information. Improving education and awareness about how the patent system operates and ensuring collaboration between universities and their IP advisors would help address this issue. It would also ensure that universities are not disadvantaged by provisional applications that may not meet priority standards elsewhere.

1.1.3 The level of disclosure required to support a priority claim

23. Under proposal 3.3 of *Getting the Balance Right* IP Australia proposed increasing the level of disclosure that would be required to support a priority claim.

24. The drafting instructions propose implementing the following changes:

1.1.3 Proposed changes

- Level of disclosure in a provisional specification:
 - Amend s 40 (1) to require a provisional specification to describe the invention fully in a manner which enables the invention to be performed by a person skilled in the relevant art without undue experimentation.
 - Amend s 41 so that it also applies to provisional specifications.
 - The deposit requirements set out in s 6, with the exception of s 6 (c), would also apply to provisional applications.

25. The main change from the original proposal relating to the level of disclosure in a priority document is to clarify that the enablement requirement also applies to provisional applications.

26. Under the proposal, the test for ascribing a priority date to patent claims would be aligned with the tests used in the patent systems of Australia's major technology trading partners. To support a priority claim, a priority document would have to provide an enabling disclosure—it would have to disclose an invention in a way which would enable it to be performed by a person skilled in the art.



27. Many submissions supported the proposal to raise disclosure standards for priority documents, noting that:

- The existing priority threshold is much too low.
- Harmonisation of priority standards would benefit local innovators seeking patent protection in foreign jurisdictions, particularly those of regular trading partners.
- There are only limited benefits in securing patent protection in Australia which could not be matched in other countries.
- The change would 'level the playing field', and help to prevent patents which have been invalidated overseas from being upheld in Australia.
- The change would streamline the patent application process and reduce costs of commercialisation as applicants would not have to navigate different rules, regulations and criteria in different countries.
- Technology investors will have greater confidence that patentability standards, once satisfied in Australia, will be sufficient for other markets.

28. Some respondents believed that raising disclosure standards for provisional applications would remove an advantage that Australians have over overseas applicants, as overseas applicants are required to meet more rigorous requirements in their own countries.

29. However, IP Australia believes that it is not in the interests of Australian innovators to have lower priority standards in Australia than elsewhere. Lower standards for provisional applications in Australia increases the risk of Australian inventors losing their rights to priority elsewhere because they have only drafted their provisional applications to meet Australian standards. This is becoming increasingly important as more and more Australian applicants look toward taking their inventions into a global marketplace.

30. Some submissions also expressed concerns that raising disclosure standards for provisional applications would increase the costs of filing provisional applications and delay filing of applications. In particular, universities and small biotechnology companies were concerned that higher disclosure standards would lead to a 'catch 22' situation. Innovators would be forced to delay filing provisional applications in order to conduct the further experiments required to meet the higher disclosure standards. However, the experiments would require funding, and funding requires provisional applications to attract prospective investors.

31. Analysis conducted by IP Australia shows however that any impact will be limited to a very small number of Australian applicants. For example, over 97% of standard patent applications filed in 2003 were filed in Australia and at least one other country. Of the remaining 3% filed only in Australia, only 105 unique applications have proceeded to grant⁹ (0.5% of total applications).

32. A review of these 105 patents and their priority documents shows that over 90% had priority documents that disclosed information that was the same or substantially the same as the information in the complete specification. Where there was extra information in the complete specification it confirmed or substantiated the invention described in the provisional application, rather than adding new information. This leaves only approximately

⁹ Of 21750 standard applications filed in 2003, only 105 'unique' (non-divisional) applications with Australian priority and filed only in Australia proceeded to grant. This is less than 0.5% of the total number of applications filed in 2003 and less than 0.9% of the total number of 2003 applications proceeding to grant.



10 patents that might not have met the higher standards, none of which were filed by universities or biotechnology companies.

33. Respondents also raised concerns about experiences with overly strict application of a ‘photographic’ test for priority in Europe and the UK. This is not the test that would be applied by IP Australia when administering the legislation. IP Australia would ensure that extrinsic legislative material would also clarify that there is no intention for such a stringent test to be applied by other decision makers.

1.2 Raising patentability standards—inventive step

1.2.1 Common general knowledge

34. Under proposal 4.1 in *Getting the Balance Right* IP Australia proposed changes to the common general knowledge considered for the purposes of inventive step.

35. IP Australia proposes the following change:

1.2.1 Proposed change

- Amend s 7 (2) of the Patents Act to remove the limitation that common general knowledge be confined to that existing in Australia.

36. Under the proposed change, common general knowledge would be the knowledge which a skilled worker in the art may be expected to have as part of their background knowledge, not just the knowledge that a skilled worker in Australia would have.

37. Generally submissions were supportive of the proposal. There was general agreement that in the current global environment the need for a geographical limitation is unduly restrictive, and does not reflect the modern innovation environment. Submissions also acknowledged that other jurisdictions did not have this requirement.

38. Respondents also agreed that the change would be beneficial for parties in opposition and court proceedings, as they would be able to call on a wider pool of experts for evidence on the state of common general knowledge in the relevant art. Also, where parties have evidence from overseas experts, for example where they have used an overseas expert in an opposition or court proceeding on a related foreign case, there will no longer be a need to seek out similar experts in Australia, thereby reducing costs.

39. While there was some stakeholder concern about the ability of examiners to assess common general knowledge on a wider scale, IP Australia believes that examiners will be well able to do this using the searching tools and the wide range of resources available. Stakeholders also stressed the importance of clear guidelines on how common general knowledge would be assessed in the absence of a geographical limitation. These guidelines will be supplied in IP Australia’s Patent Examiners’ Manual.

1.2.2 Prior art

40. Under proposal 4.2 in *Getting the Balance Right* IP Australia proposed changes to the prior art information considered for inventive step.



41. IP Australia proposes the following changes:

1.2.2 Proposed changes

- Amend s 7 (3) of the Patents Act to remove the requirement that prior art information for the purpose of inventive step must be such that a person skilled in the art could be reasonably expected to have been *ascertained, understood and regarded as relevant*.
- The definition of the prior art base for inventive step will not change.
- Where two or more pieces of prior art information are combined, or a piece or pieces of prior art information are combined with common general knowledge, the requirement that a skilled person could have been reasonably expected to have combined said information will remain.

42. The proposed changes remove the requirement that prior art for the purposes of inventive step is art that has been ‘ascertained, understood and regarded as relevant’. This expands the prior art base for inventive step to a scope that is more consistent with the scope of the prior art base elsewhere, that is, to include all publicly available pieces of prior art information, which is similar to the prior art base for novelty.

43. The proposed changes extend the original proposal beyond the removal of only ‘ascertained’ to the removal of understood and regarded as relevant as well, and reflect the views put forward in a number of submissions. These submissions argued that removing ‘ascertained’ alone would be inconsistent with the position of other countries. The better approach would be to remove all three in order for Australian inventive step analysis to start at the same point as it starts in other countries, which is with all publicly available prior art information, not just that prior art information which would have been ascertained, understood and regarded as relevant.

44. A positive impact of the change is that it will remove the requirement that a person challenging a patent must establish: whether or not prior art information would have been ‘ascertained, understood and regarded as relevant’ by the skilled person. This may lower costs for parties in opposition and court proceedings.

45. Some submissions suggested that while information may be widely available it is not always sought, and that removing ‘ascertained’ could create difficulties with hindsight analysis. However the changes will not alter the test for inventive step, which includes an assessment of whether the skilled person, at the priority date of the relevant claim, would have understood the prior art and considered it relevant to the problem that the invention solves. Therefore IP Australia does not believe that the proposed changes will increase the use of hindsight analysis.

46. Some stakeholders also expressed concerns that the changes could result in unrelated documents with no clear relevance to each other or to the problem that the invention is seeking to solve, being combined. IP Australia has taken these concerns into account in ensuring that it be obvious for the skilled person to combine document(s) with each other and/or with common general knowledge.



1.2.3 Threshold test for inventive step

47. Under proposal 4.3 in *Getting the Balance Right* changes were proposed to raise the threshold test for inventive step. This test was most recently considered by the High Court in *Lockwood v. Doric*¹⁰, where the Court affirmed that the test for lack of inventive step, or obviousness, was whether or not the skilled person would be led directly as a matter of course to try a particular approach with a reasonable expectation of success.

48. IP Australia's proposal was made in response to concerns that the test as restated in *Lockwood* made it harder to establish a lack of inventive step in Australia than elsewhere. While some submissions agreed with this assessment, a number of submissions argued that IP Australia had put too much weight on a particular comment made by the High Court in relation to a specific case. A number of submissions also suggested that the changes already proposed by IP Australia with respect to common general knowledge and prior art (see 1.2.1 and 1.2.2) would be sufficient to achieve the desired outcome of increasing the inventive step standard. Some submissions suggested that higher standards could also be achieved by IP Australia applying more rigorous standards during examination.

49. After giving detailed consideration to the points raised in submissions, IP Australia proposes to address concerns through restating the guidelines for inventive step in the Examiners' Manual and through more rigorous application of the inventive step tests during examination, rather than through changes to the law - beyond the changes proposed for common general knowledge and prior art.

1.3 Improving certainty—requirements considered during examination, re-examination and opposition

1.3.1 Usefulness

50. Under proposal 5.1 in *Getting the Balance Right* IP Australia proposed including usefulness among the grounds considered during examination and re-examination.

51. IP Australia proposes the following change:

1.3.1A Proposed changes

- Amend s 45 (1) and 48 (1) to provide that the Commissioner must examine the request and specification and report on whether, to the best of his or her knowledge, the invention, so far as claimed, satisfies the criterion mentioned in s 18 (1) (c).
- Amend s 101B (2) (b) to provide for compliance with s 18 (1A) (c) in addition to the existing criteria.

52. See 1.3.3 below for corresponding changes to the re-examination provisions. The main change from the proposal in *Getting the Balance Right* is to include usefulness as a ground for examination of an innovation patent. As for standard patents, including a

¹⁰ *Lockwood v. Doric* [2007] HCA 21



ground on which a patent can be revoked as a ground for examination improves certainty in the validity of certified innovation patents.

53. Most submissions supported considering usefulness at examination and re-examination, noting that dealing with this issue during examination would reduce unnecessary expenditure on oppositions and litigation.

54. Proposal 5.1 also proposed clarifying that the requirement for usefulness is only satisfied if the patent specification discloses a specific, substantial and credible use for the invention.

55. IP Australia proposes the following change:

1.3.1B Proposed change

- Amend the Patents Act to provide that an invention will be ‘useful’ within the meaning of s 18 (1) (c) and s 18 (1A) (c) only if the invention, so far as claimed in any claim has a specific, substantial and credible use.

56. The amendment will ensure that the specific, substantial and credible use for the invention is disclosed *in the specification*. A use that can only be discerned from further investigation or experimentation will not be sufficient. The specification will need to either explicitly state the use, or the use will need to be obvious or apparent to a person skilled in the art upon reading the specification and with their background knowledge in the art.

57. The requirement will only be satisfied if all three criteria are met. A specification that only meets one or two of these criteria will not satisfy the usefulness requirement (eg a specific and credible but non-substantial use will not satisfy the requirement). The new requirements will supplement the existing judicial interpretation of ‘useful’, not replace it. Again the original proposal has been extended to take account of innovation patents.

58. Although most submissions supported the proposal, some submissions preferred introduction of the requirement as guidelines rather than legislation. However, IP Australia considers that changes to guidelines alone may be ineffective to implement the change. Clarification of how the test will be applied in particular situations will be the subject of guidelines in the *Patent Examiners’ Manual*.

1.3.2 Consideration of prior use

59. Under proposal 5.2 in *Getting the balance right*, IP Australia proposed including prior use among the grounds considered during examination and re-examination.

60. IP Australia proposes the following changes:

1.3.2 Proposed change

- Amend the Patents Act to repeal:
 - s 45 (1A)
 - s 48 (1A)
 - s 98 (2)
 - s101B (3)
 - s101G (5).



- These subsections relate to:
 - examination of standard patent applications
 - modified examination of standard patent applications
 - re-examination of standard patent applications and patents
 - examination of innovation patents
 - re-examination of innovation patents.

Each clarifies that, with respect to examination, the prior art base does not include information made publicly available only through doing an act

61. Currently, information made publicly available by the doing of an act (prior use) cannot be considered during examination and re-examination. Historically, this made sense because examiners would often not have had ready access to information about prior use, at least before the advent of the information revolution. However, information available on the internet and electronically means that it is much more likely that examiners may come across evidence of prior use (eg a public demonstration of the invention) in the ordinary course of their examination. If clear prior use information is in front of the examiner, there seems no benefit in prohibiting the examiner from raising a novelty or inventive step objection based on prior use.

62. The majority of submissions supported including a consideration of prior use at examination and re-examination. It was noted that the proposal may reduce the need for oppositions and court proceedings.

63. The main concerns expressed in submissions were the extra burden on examiners and the difficulty of establishing the date of prior use. The intention is that the changes permit, rather than require the Commissioner to consider prior use. Examiners will not conduct additional searches for prior use but will give account to instances or evidence of prior use that arise during the course of a normal search for novelty and inventive or innovative step.

1.3.3 Re-examination

64. Under proposal 5.3 in *Getting the Balance Right* IP Australia proposed expanding the grounds for re-examination to all of the grounds considered during normal examination.



65. IP Australia proposes the following changes:

1.3.3 Proposed change

- Amend s 98 (1) to provide that, in addition to novelty and inventive step, the Commissioner must ascertain and report on:
 - s 40 (2) (full description and claims defining invention)
 - s 40 (3) (clear, succinct and fully supported claims)
 - s 18 (1) (a) (manner of manufacture)
 - s 18 (1) (c) (usefulness)
 - s 18 (2) (human beings and the biological processes for their generation are not patentable inventions)
- Amend s 101G (3) to expand the grounds for revocation of an innovation patent during re-examination to include:
 - s 40 (2) (full description and claims defining invention)
 - s 40 (3) (clear, succinct and fully supported claims)
 - s 18 (1A) (a) (manner of manufacture)
 - s 18 (1A) (c) (usefulness)
 - s 18 (2) (human beings and the biological processes for their generation are not patentable inventions)
 - s 18 (3) (plants and animals and the biological processes for their generation are not patentable inventions)

66. Again this proposal has been extended to include re-examination of innovation patents.

67. Currently, the only grounds considered at re-examination are novelty and inventive or innovative step. However, it may well be the case that information comes before the Commissioner which would invalidate the patent on other grounds. If such information becomes available, the Commissioner is unable to re-examine and the application or patent can only be challenged through opposition or court proceedings. This imposes delays, uncertainty and costs on users of the patent system.

68. Most of the submissions that commented on the proposal supported expanding the grounds of re-examination to include the grounds considered during examination.

69. A few submissions raised concerns that re-examination would become a *de facto* opposition. However, re-examination does not currently operate as a *de facto* opposition process in respect of the grounds currently considered: it is not expected that the addition of other grounds would significantly alter this situation. It should also be noted that re-examination differs from opposition in that a third party plays no role in the re-examination after they request re-examination, and has no right of appeal.



1.4 Improving certainty—balance of probabilities

70. Under proposal 6 in *Getting the Balance Right* IP Australia proposed clarifying that ‘balance of probabilities’ is the standard of proof applied when a decision is made whether to accept, refuse, grant or revoke a patent or patent application..

71. IP Australia proposes the following changes:

1.4 Proposed changes

- Amend s 49 (1) – to provide that, subject to s 50, the Commissioner must accept a patent request and complete specification relating to an application for a standard patent if the Commissioner is satisfied that there is no lawful ground for objection to the request and the specification.
- Amend s 100A (2) - to provide that, in the case of re-examination of a standard patent application which has not yet been granted, the Commissioner must grant a patent if the Commissioner is satisfied that there is no lawful ground for objection to the grant of the patent.
- Amend s 101 - to provide that, in the case of re-examination of a granted standard patent, the Commissioner must not revoke a patent, either wholly or so far as it relates to a particular claim, unless he/she is satisfied that a ground of revocation has been made out.
- Amend s 101E (a) and (aa) – to provide that if, after examining a patent under s 101B, the Commissioner decides in writing that she is satisfied that there is no ground for revocation of the patent, the Commissioner must do the acts in s 101E (c) to (f).
- Amend s 101F (1) (a) – to provide that if the Commissioner is satisfied that, after examining an innovation patent under s 101B, a ground for the revocation of a patent has been made out and that the ground has not been removed (and the patent has not ceased under s 143A), the Commissioner must revoke the patent.
- Amend s 101J (3) – to provide that, in the case of re-examination of a certified innovation patent, the Commissioner must not revoke a patent unless he/she is satisfied that a ground of revocation has been made out.
- Amend s 61 – to provide that, in the case of an opposition, the Commissioner must grant a standard patent unless she is satisfied that there is a lawful ground of objection to the grant of the patent.

72. Currently, when considering novelty and inventive step, the Commissioner must be ‘satisfied’ that the application meets the relevant criteria. This has been interpreted as requiring the Commissioner to decide the matter on the civil standard of balance of probabilities¹¹. However in considering the other requirements of the Act, the relevant question is whether the Commissioner ‘considers’ that there is no lawful ground for objection. This has been interpreted as requiring that the Commissioner give the benefit of

¹¹ See s 49(1)(a) and *Dunlop Holdings Ltd's Application* (1979) RPC 523 generally. See also *Blount Inc v Registrar of Trade Marks* [1998] FCA 440 (1 May 1998) on ‘satisfied’ meaning ‘on the balance of probabilities’ or ‘more probable than not’ in relation to the use of the term in the Trade Marks Act.



doubt to the applicant and not refuse acceptance 'unless it appears practically certain'¹² that the patent would be invalid.

73. As a matter of policy IP Australia considers it undesirable that a patent should be able to proceed to grant simply because it is not 'practically certain' that it is invalid. Accordingly, we consider that the Commissioner should be required to apply a higher standard of proof than benefit of the doubt. After the patent has been granted, the burden reverses. A granted patent should only be revoked following re-examination if the Commissioner is satisfied that a ground for revocation has been made out.

74. Most submissions were supportive of the proposed change. It was noted that the proposal is likely to reduce appeals from decisions of the Commissioner and achieve a higher degree of certainty in the validity of granted patents.

75. A few submissions raised concerns about the possibility that consideration of the same issue against the same standard of proof may raise an 'issue estoppel', thereby preventing an unsuccessful opponent from re-arguing the same issue in court revocation proceedings.

76. IP Australia notes that opposition proceedings are of a fundamentally different nature to revocation proceedings, and that this may prevent an issue estoppel occurring. However, even if an 'issue estoppel' were to occur, IP Australia is not convinced that this would be a significant policy problem. Certainty in the validity of granted patents is an important consideration. While an unsuccessful opponent should always have the right to appeal a decision of the Commissioner, it is not clear that there is any benefit in permitting an unsuccessful opponent who declines the right of appeal to challenge the patent later in court revocation proceedings on the same issue.

2 Exemptions to patent infringement

2.1 Experimental use

77. In *Exemptions to Patent Infringement* IP Australia proposed amendment of the Act to include an exemption to infringement for certain experimental acts on patented inventions.

78. The drafting instructions propose implementing the following change:

2.1 Proposed change

- Amend the Patents Act to require that the rights of a patentee are not infringed by acts done predominantly for experimental purposes on the patented invention. Acts done for experimental purposes on the patented invention include:
 - determining how the invention works
 - determining the scope of the patent claims
 - seeking an improvement to the invention
 - testing the validity of the patent
 - determining whether an act or product infringes the patent.

¹² *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 244.



79. The exemption will provide researchers and business with greater certainty as to where they have freedom to operate. The exemption will operate in addition to any common law exemption or implied statutory exemption that might otherwise exist.

80. The existence of an ultimate commercial purpose for the study or experimentation should not preclude the application of the exemption. This reflects commercial reality, as most experimental or research activities on a patent would be with a view to some commercial end. The exemption would have to be consistent with international obligations, including the TRIPS Agreement.

81. There was widespread support in submissions for a broad overarching exemption with an inclusive list of 'experimental purposes'. Such an exemption was considered to provide guidance for researchers and business while ensuring that it was flexible enough to be further developed as, and when, necessary. This issue has been addressed by the proposed exemption, which comprises a broad exemption with an inclusive, rather than exclusive list of experimental purposes. It is intended that the Explanatory Memorandum will provide further guidance and examples of the types and extent of activities falling within the exemption.

82. A number of submissions favoured the terminology 'to do an act for experimental purposes *relating to the subject matter of the invention*'. However, the term 'relating to' has been subject to extensive judicial debate in Australia and has been referred to as 'vague and indefinite', that it 'leaves unspecified the plane upon which the relationship is [to be] sought and identified', and that there 'is no expression more general or far-reaching'.¹³ IP Australia therefore considers that the phrase 'relating to the subject matter' may not provide sufficient clarity, and instead proposes that the exemption apply to acts done for experimental purposes 'on' the patented invention.

83. The majority of submissions did not support restricting the exemption to acts 'solely' for experimental purposes, as proposed in the consultation paper. This was widely considered to be too limiting and not reflective of academic research. Such research often had mixed purposes and would rarely be carried out *solely* for the listed purposes. It was also noted that the proposed exemption did not clearly cover situations that involved more than one of the listed activities, or where the research was carried out for another party (such as under contract). IP Australia proposes to instead include a proviso to the extent that the predominant purpose must be for experimental purposes. Some guidance in this regard may be taken from a recent UK decision, where the court considered whether research having mixed purposes would be exempt from infringement.¹⁴ In this case the court considered that the 'preponderant' purpose of the experimentation would need to be taken into account.

84. Submissions also favoured the broad nature of an earlier experimental use recommendation made by the Advisory Council on Intellectual Property (ACIP)¹⁵, noting that it ensured Treaty compliance by invoking the words of TRIPS Article 30. However, a number of European patent systems have adopted the experimental use provision on which the ACIP recommendation was based, without the inclusion of the TRIPS wording. Moreover, an early draft of the TRIPS Agreement listed 'acts done for experimental purposes' as an example of a limited exception to the rights conferred by a patent.¹⁶

¹³ *Oceanic Life Ltd v Chief Commnr of Stamps* (1999) 168 ALR 211 per Fitzgerald JA

¹⁴ *CoreValve Inc v Edwards Lifesciences AG and anr*, [2009] EWHC 6 (Pat), 9 January 2009

¹⁵ See *Consideration of patents and experimental use*, ACIP, 2005, www.acip.gov.au.

¹⁶ *EU v Canada- Patent Protection of Pharmaceutical Products*, Decision of the WTO Dispute Panel, WT/DS/114, 17 March 2000



IP Australia therefore considers that it is unnecessary to include the proviso that the experimental purposes do not 'unreasonably conflict with the normal exploitation of a patent' in order for the exemption to be TRIPS compliant.

2.2 Regulatory review

85. *Exemptions to Patent Infringement* also included an exemption for experimentation required to generate the information required to obtain regulatory approval of a patented product by a third party.

86. The drafting instructions propose implementing the following change:

2.2 Proposed change

- Amend the Patents Act to provide that the rights of a patentee are not infringed by a person exploiting an invention claimed in a patent, if the exploitation is solely for purposes connected with obtaining regulatory approval of goods, other than goods covered by s 119A, under Australian law or under the law of a foreign country or part of a foreign country.

87. The change will introduce an exemption similar to the exemption that presently applies to pharmaceutical patents under s 119A of the Patents Act. The exemption will be for activities solely for the purpose of gaining regulatory approval for goods that are not covered by s 119A. The existing provisions for pharmaceuticals (and particularly s 119A) will remain in place and will be unchanged.

88. Some submissions cautioned against applying the exemption to all technologies without an in-depth study of the potential impacts on business. However, a 20 year patent term is accepted worldwide as providing the appropriate term of exclusivity needed to balance all of the interests impacted by, and meet the aims of, the patent system. Introducing the exemption will ensure that this term is not artificially extended by delays in obtaining regulatory approval.

89. Finally, several submissions indicated that the extensions of term scheme for pharmaceuticals should be available to other regulated inventions. However, extensions of term and the satisfaction of the regulatory approval process are distinct issues. Whether an extension of term is justified for a particular technology is something that can only be considered on the basis of the circumstances affecting the particular technology. At this stage IP Australia is unaware of a persuasive case for extending the patent extension provisions to other technologies.

3 Resolving patent opposition proceedings faster

90. In *Resolving Patent Opposition Proceedings Faster* IP Australia proposed a number of changes to the opposition processes. The object of these changes was to facilitate the quick, efficient and cost-effective resolution of patent oppositions, and, where appropriate, better align patent and trade mark opposition procedures.

91. The following sections set out the proposed changes.



3.1 Commencing opposition proceedings

3.1 Proposed change

- Amend regs 5.3 (7) and 5.3AA of the Patents Regulations to require that the Commissioner, and not the opponent, will give a copy of the notice of opposition to the applicant.

92. Submissions supported this proposal.

3.2 When to provide notice of opposition—opposition period

3.2 Proposed change

- Amend regs 5.3 (3), 5.3 (5), 5.3 (5A) and 5.3 (6) to require a notice of opposition on all procedural matters to be filed within 2 months of the relevant publication in the Official Journal.

93. Proposal 3.2 proposed a 1 month period for filing a notice of opposition on allowance of amendments and amendments to the Register. A number of submissions raised concerns that 1 month gave insufficient time to decide whether or not to oppose amendments on more complex applications and would unduly raise the cost of watching services.

94. The current proposal is for a two month period for filing a notice of opposition for all procedural oppositions, including oppositions to extensions of time and licenses to exploit. This gives a consistent timeframe across all procedural oppositions and, IP Australia believes, sufficient time for filing notices of opposition.

3.3 Procedural oppositions—time for providing statement of grounds and particulars

3.3 Proposed Change

- Amend reg 5.4 to require that for oppositions on procedural matters, the statement of grounds and particulars is required to be filed within 1 month of the date of filing of the notice of opposition.

95. Submissions supported this proposal.



3.4 Procedural oppositions—periods for providing evidence

3.4 Proposed Change

- Amend reg 5.8 to require that, for oppositions on procedural matters, the evidentiary periods are to be set by direction of the Commissioner.

96. Submissions supported this proposal.

3.5 Substantive oppositions—period for serving evidence in support

3.5 Proposed Change

- Amend reg 5.4 to require particularised documents to be provided with the statement of grounds and particulars.

97. Proposal 3.5 proposed requiring evidence in support within three months of filing of the notice of opposition, at the same time as the statement of grounds and particulars. A number of submissions raised concerns that this did not give the opponent sufficient time to prepare their evidence, particularly for more complex oppositions. In recognition of these concerns IP Australia does not propose changing the timeframe within which evidence in support must be filed.

98. It was however suggested that opponents would generally be in a position to provide copies of particularised documents at the time of filing the statement of grounds and particulars and that this would assist applicants in preparing their case. In accordance with this IP Australia is proposing amending the regulations to require that copies of particularised documents be provided with the statement of grounds and particulars. The sanction for not providing copies of particularised documents is that the Commissioner may dismiss the opposition.

3.6 Notices that parties will not rely on evidence

3.6 Proposed Change

- Amend the Patents Regulations to include a new regulation that, where a party does not intend to rely on evidence in an opposition, they must serve a notice to that effect.

99. Submissions supported this proposal



3.7 Notice of intention to serve evidence in reply and period for service

3.7 Proposed Change

- Amend reg 5.8 (4) to remove the requirement that a party serve a notice of intention to serve evidence in reply. Evidence in reply to be filed within two months from the date of service of evidence in answer.

100. Submissions supported this proposal.

3.8 Extensions of periods for providing evidence

3.8 Proposed Change

- Amend regs 5.10 (2) and 5.10 (5) to require that extensions of time to serve evidence be by direction of the Commissioner, and only where the Commissioner is satisfied that:
 - the party entitled to serve evidence in that period has acted promptly and diligently at all times since the opposition proceedings began but, despite that, cannot serve the evidence in that period, or
 - because of some other compelling circumstance, she should give the direction
- The Commissioner would not be able to extend periods unless at least one of these conditions was made out.
- The party seeking the directions would bear the onus of convincing the Commissioner of this.
- In applying this test, the Commissioner would not give a direction to extend a period solely because of delays caused by an agent or a legal representative failing to act promptly or diligently.

101. Proposal 3.8 proposed repealing the existing extension of time provisions for evidentiary periods and replacing them with a process where extensions would only be by direction of the Commissioner, and only if certain conditions were met.

102. Several submissions raised concerns that the conditions did not include extensions for delays caused by agents or legal representatives, and for parties to undertake settlement negotiations. However, IP Australia believes that the proposed changes achieve the correct balance between providing for circumstances where, despite their best efforts a party is unable to meet an evidentiary deadline, and reducing delays arising as a consequence of parties or their representatives failing to act promptly and diligently at all times. IP Australia believes that these same requirements should also apply to parties undertaking settlement negotiations. Such negotiations should not delay progress of the opposition and can continue irrespective of on-going opposition proceedings.



3.9 Further evidence

3.9 Proposed Change

- Amend reg 5.10 (4) to repeal the further evidence provisions. Parties would be able to provide any document to IP Australia at any stage. The Commissioner would consider the material and decide on the most appropriate action.

103. Proposal 3.9 proposed repealing further evidence provisions. Some submissions considered that further evidence should be able to be filed at any time during proceedings. Other submissions supported the proposal, provided there was a mechanism for dealing with evidence in reply that was not directed to evidence in answer.

104. Under the change proposed by IP Australia parties would be able to provide documents at any time during the proceedings, which the Commissioner would consider and make a decision as to how best to proceed. If the Commissioner considered the information would not affect the validity of the patent if granted, no further consideration would be given to the information. If, however, the Commissioner considered the information was relevant she would have discretion to consider the evidence during the hearing and seek submissions from the parties. Alternatively, the Commissioner may consider the information outside the opposition in re-examination. IP Australia believes that this approach strikes an appropriate balance between reducing delays and ensuring that relevant information is considered and parties given the opportunity to respond, where appropriate. Clear guidelines would be provided to ensure proper consideration of any new information provided.

3.10 Production of documents or articles, summoning of witnesses

3.10 Proposed change

- Threshold test:
 - Amend s 210 of the Patents Act to require that the Commissioner would only be able to exercise the powers to summon witnesses or require production of documents or articles if she were satisfied that this would substantially contribute to making the correct decision in the proceedings. The onus would be on the person making the request to satisfy the Commissioner of this.
- Criminal sanctions:
 - Repeal sections 179 to 181.
- Persons outside the patent area:
 - Amend paragraphs (a) and (c) of s 210 to clarify that the Commissioner may, for the purposes of the Act:
 - summon witnesses *who are parties to proceedings before the Commissioner*
 - and



- to require production of documents or articles *from parties to proceedings before the Commissioner.*
- Amend s 210 to clarify that the powers under that provision may be exercised against parties to proceedings before the Commissioner, whether or not those parties are within the patent area.
- Introduce a new provision under which the Commissioner would be able to draw a reasonable inference from a person's failure:
 - to comply with a requirement to produce documents or articles
 - to appear in response to a witness summons
 - or
 - refuse to give evidence when appearing as a witness.

105. Proposal 3.10 proposed that the Commissioner only be able to exercise the powers to summon witnesses or require production of documents or articles if she was satisfied that this would substantially contribute to making the correct decision in the proceedings. The onus would be on the party making the request. This proposal was considered appropriate to reduce delays and additional costs to parties as a result of requests for documents or articles with little benefit to the outcome of the opposition. The proposal further clarified that the Commissioner's powers extended to parties directly involved in the proceedings, whether or not those parties were within Australia. According to the proposal, the existing criminal sanctions for non-compliance would be repealed and new, non-criminal sanctions implemented.

106. Submissions generally supported the proposed changes and IP Australia intends to implement the changes as set out in *Resolving Patent Opposition Proceedings Faster*.

107. Several respondents raised concerns in relation to the 'threshold' requirement that the power would only be exercised where it would contribute to 'the correct decision'. This was considered to place an undue burden of proof on the requestor, especially since 'the correct decision' could not be assessed until after a determination of the matter. IP Australia will consult with the drafter to ensure that the test strikes the correct balance between ensuring that the Commissioner would only be required to exercise her powers where documents are likely to be relevant to determination of the opposition and not placing an undue burden on the requestor to establish the relevance of material.

108. There was general support for explicitly providing that the Commissioner's powers extend to parties not within the patent area. Given the large number of users of the patent system located overseas, IP Australia considers this to be an important clarification.

109. Some, but not all, submissions supported repeal of the criminal sanctions for non-compliance. However some submissions raised the concern that criminal penalties would be the only effective sanction against third parties with no interest in the outcome of the proceeding. One submission also acknowledged that, although it would be preferable to retain the criminal sanctions, it was acceptable for these to be removed if this was necessary to ensure validity of any notices served out of Australia.

110. Options regarding the powers of the Commissioner in respect of parties outside the patent area are affected by Australia's power to enforce laws with extra-territorial



application, and particularly laws which impose criminal sanctions. This is of particular relevance under the patents system, where third parties frequently reside outside the patent area. IP Australia considers this proposal represents the best balance achievable within these constraints.

3.11 Summary of submissions

3.11 Proposed change

Amend the Patent Regulations to provide that:

- the opponent must file and serve on the applicant a summary of the submissions that they intend to make at the hearing no later than 10 business days before the hearing is scheduled
- the applicant must file and serve on the opponent a summary of the submissions that they intend to make at the hearing no later than 5 business days before the hearing
- the Commissioner may take a failure to file or serve a summary of submissions into account in considering any award of costs between the parties.

111. Submissions supported this proposal.

3.12 Amendments directed by the courts

3.12 Proposed changes

- Amend the Patents Act to give the Federal Court the power to direct amendment of an application for a patent, at the request of the patent applicant, during an appeal of a decision of the Commissioner.
- Amend s 105 of the Patents Act to:
 - permit the Court to direct that the Commissioner consider and report to the Court on the allowability of an amendment to an application while an appeal of the Commissioner's decision is pending
 - set out that a complete specification must not be amended, except under s 105, while relevant court proceedings in relation to the application are pending.
- Amend s 160 of the Patents Act to give the Federal Court the power to consider amendments made to a specification following a decision by the Commissioner, during an appeal of that decision.

112. Proposal 3.12 proposed changes to the way the Federal Court deals with amendments to an application which is the subject of an appeal against a decision of the Commissioner. The proposed changes were that:

- the Court would be given the power to direct amendment



- the Court would be able to consider amendments made to the application following the Commissioner's decision; and
- the Commissioner would not be able to deal with amendments to an application while an appeal of the Commissioner is under appeal.

113. These changes were intended to clarify and streamline processes in relation to amendments made during an appeal of a decision of the Commissioner.

114. Submissions generally agreed with the proposals. However one submission disagreed with the proposal that applicants would be unable to prosecute amendments before the Commissioner while the decision of the Commissioner is on appeal.

115. IP Australia acknowledges that the inability to prosecute amendments before the Commissioner may cause additional costs for parties. However, amendments prosecuted before the Commissioner may be opposed, leading to concurrent proceedings and unnecessary delays. Accordingly, IP Australia considers it better that amendments to applications on appeal from a decision of the Commissioner be dealt with through the Courts. This is analogous to the existing provisions for amendments to granted patents that are subject to court proceedings. IP Australia considers that this could be achieved by amendment of s 105 to include amendments to applications.

116. It is intended that all amendments to applications on appeal from a decision of the Commissioner be processed through the Court. To this end, a further change is proposed that sets out that a complete specification relating to an application must not be amended, except under s 105, while relevant proceedings in relation to the application are pending. A similar provision presently exists under s 112 for granted patents.

117. Nevertheless IP Australia considers that there is value in a provision where the Court may direct the Commissioner to consider and report on a proposed amendment. This will enable the Court to obtain an impartial opinion to assist in their determination, for example on technical issues to do with proposed amendments.

118. Furthermore, there may be amendments that have been allowed prior to the date of commencement of the new provision and following a decision of the Commissioner. IP Australia intends that the Court be given the power to consider such amendments, and not be limited to a consideration of the same specification that was before the Commissioner.¹⁷

4 Resolving Trade Mark Opposition Proceedings Faster

4.1 Amendments to increase the flexibility of trade marks legislation for opposition proceedings

119. In *Resolving Trade Mark Opposition Proceedings Faster*, IP Australia proposed a number of changes to the opposition processes. The object of these changes was to facilitate the quick, efficient and cost-effective resolution of trade mark oppositions, and where appropriate better align trade mark and patent opposition procedures.

120. The following section sets out the changes.

¹⁷ See *F Hoffmann-La Roche AG v Commissioner of Patents* [2000] FCA 1845 at [8], and *Airsense Technology Limited v Vision Systems Limited* [2007] FCA 828 at [15], where it was suggested that the Court may only consider the same form of the specification that the Commissioner considered.



4.2 Commencing opposition proceedings

4.1 Proposed changes

(proposal 3.1 in Resolving Trade Mark Opposition Proceedings Faster)

- Make regulations to require the Registrar to serve a copy of the notice of opposition on the trade mark applicant as soon as practicable.
- Repeal s 52 (3) of the Trade Marks Act, which currently provides for the opponent to serve a copy of the notice of opposition on the applicant.

121. The majority of submissions supported this proposal.

4.3 Time in which to provide a notice of opposition

4.2 Proposed changes

(proposal 3.2 in Resolving Trade Mark Opposition Proceedings Faster)

- Amend reg 5.1 of the Trade Marks Regulations to provide that the period for filing a notice of opposition is 2 months from the day on which acceptance of the application is advertised.
- Repeal reg 5.2 (2) (d) and reg 5.2 (2) (e) so that the period to file a notice of opposition could not be extended to conduct negotiations or undertake research.
- Amend the Trade Marks Regulations to provide for an extension to the period to file a notice of opposition if the extension is required despite the person concerned having taken due care as required in the circumstances.

4.3 Proposed change

(proposal 3.3 in Resolving Trade Mark Opposition Proceedings Faster)

Amend the Regulations to:

- require that an opponent must:
 - within 1 month of filing the notice of opposition, serve on the applicant a copy of the statement that sets out the grounds of the opposition and the particulars relating to each ground, and
 - as soon as practicable after the copy has been served on the applicant, file the statement.
- provide that:
 - if the statement does not provide adequate particulars, the Registrar may direct the applicant to provide further and better particulars
 - a failure to provide further and better particulars could be considered in any award of costs.

Other consequences for inadequate particularisation are set out in proposal 4.5 below.



122. In the *Resolving Trade Mark Opposition Proceedings Faster* consultation paper, IP Australia proposed that the period to file a notice of opposition no longer be extendable for the purpose of conducting negotiations or undertaking research.

123. Support for IP Australia's proposal was mixed, with a number of submissions indicating that the burden to file the statement of grounds and particulars (SGP) with the notice of opposition would be significant. To address these concerns IP Australia is amending its proposal to require the SGP to be filed 1 month after the notice of opposition. This will permit opponents time for research to be conducted for preparation of the SGP.

124. Two months is consistent with what is regarded by the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) as the 'ideal' initial opposition period.¹⁸ It is also longer than the one month opposition period in the United States.¹⁹ Reducing the opposition period to two months rather than three will also ensure that the vast majority of applications that are not opposed proceed to registration sooner, providing greater certainty to most applicants.

4.4 Amending notice of opposition and statement of grounds and particulars

4.4 Proposed changes

(proposal 3.4 in *Resolving Trade Mark Opposition Proceedings Faster*)

- Amend the Trade Marks Regulations to provide that:
 - An opponent would be able to request an amendment of a notice of opposition to correct a clerical error or obvious mistake by the opponent or by his or her agent, or to change the name of the opponent.
 - An opponent would be able to request an amendment of a statement of grounds and particulars:
 - to correct an error or omission in the grounds
 - to amend the grounds consequentially if the application is amended
 - to amend the particulars
 - to add any ground of opposition, but only if the Registrar is satisfied that they are raised as a result of new information of which the opponent could not reasonably have been aware at the time of lodgement of the SGP.
 - In each case, the Registrar would:
 - have the power to grant the request on specified terms
 - give the parties an opportunity to make representations concerning the proposed amendment
 - give the applicant a copy of the notice or statement as amended.

¹⁸ See 'Area of Convergence No. 5': http://www.wipo.int/edocs/mdocs/sct/en/sct_20/sct_20_3.pdf and paragraph 259 of the Report of the meeting: http://www.wipo.int/edocs/mdocs/sct/en/sct_20/sct_20_5.pdf

¹⁹ See 2.101 (Filing an opposition) in *US Trademark Law, Rules of Practice and Federal Statutes*: <http://www.uspto.gov/web/offices/tac/tmlaw2.pdf>



- Amend section 66 of the Trade Marks Act to ensure that an opponent may not rely on s 66 (b) to amend a notice of opposition or an SGP.

125. In *Resolving Trade Mark Opposition Proceedings Faster*, IP Australia proposed to impose limitations on amendments to the notice of opposition and SGP.

126. Support for the proposal was mixed. A concern raised by stakeholders was that there was no reason for limiting the type of grounds that could be added to the SGP (as per the original proposal). IP Australia accepts that there is no reason in principle why it should not be possible to add any ground, provided that the failure to include the ground initially was due to information that the opponent did not know, or could not reasonably have known at the time of filing the SGP. Accordingly, the proposal has been modified to permit any ground to be added, subject to that proviso.

127. Other submissions expressed concern with the proposed threshold test of the Registrar being satisfied that the new grounds are raised as a result of new information which the opponent could not have reasonably been aware. IP Australia recognises the importance of ensuring the right balance and will consult further on the exact wording of the proposed test before legislating.

4.5 Dismissal of opposition

4.5 Proposed change (proposal 3.5 in *Resolving Trade Mark Opposition Proceedings Faster*)

- Amend the Trade Marks Regulations to provide that:
 - The Registrar may dismiss an opposition if the opponent does not do any of the following:
 - serve on the applicant a copy of the SGP within 1 month of filing the Notice of Opposition
 - file the SGP as soon as practicable after serving the copy on the applicant
 - particularise the grounds of opposition in the statement.
 - The applicant may request the Registrar to dismiss the opposition within one month of when the SGP was due to be served.
 - The Registrar would be required to inform the opponent as soon as practicable after the request was made.
 - The Registrar would be able to dismiss the opposition regardless of whether or not the applicant has requested dismissal.
- Amend s 68 (1) (b) (iii) of the Trade Marks Act to require the Registrar to register an application that had been opposed, if the opposition is dismissed.

128. The majority of submissions supported this proposal.



4.6 Notice of intention to defend a trade mark opposition

4.6 Proposed change

(proposal 3.6 in Resolving Trade Mark Opposition Proceedings Faster)

Amend the Trade Marks Regulations to provide that:

- An applicant must file a notice, in the approved form, indicating its intention to defend its trade mark application. The notice will be due within 1 month after the opponent has served the SGP.

- The Registrar would be required to notify the opponent that a notice of intention to defend has been filed, as soon as practicable after it has been filed.

- The opponent must serve a copy of their evidence in support 3 months from the day on which the notice of intention to defend was filed.

The intention is that an opposed application will lapse if the applicant does not file a notice of intention to defend as prescribed in the regulations.

129. The majority of submissions supported the proposal, however a number of submissions raised the concern that opponents would not start preparing their evidence in support until the applicant had filed a notice of intention to defend. IP Australia accepts this and has amended the proposal so that the 3-month period for providing evidence in support would begin from when the notice of intention to defend was filed.

130. A number of submissions considered that the notice of intention to defend should be accompanied by a fee. IP Australia intends to give further consideration to this.

4.7 Extensions of periods for providing evidence

4.7 Proposed changes

(proposal 3.7 in Resolving Trade Mark Opposition Proceedings Faster)

Amend the Trade Marks Regulations to:

- reduce the time to serve evidence in reply to 2 months (reg 5.12 (1))
- reduce the time to serve a notice stating that an opponent does not intend to rely on evidence in reply to 2 months (reg 5.13 (1))
- repeal reg 5.15, which sets out the further evidence provisions
- provide that the Registrar may give directions to extend a period to provide evidence



- provide that the Registrar may direct that a period to serve evidence in an opposition be extended only if she is satisfied that:
 - the party entitled to serve evidence in that period has acted promptly and diligently at all times since the opposition proceedings began but, despite that, cannot serve the evidence in that period, or
 - because of some other compelling circumstance, she should give the direction
- clarify that the Registrar must not give a direction to extend a period solely because of delays caused by an agent or legal representative failing to act promptly or diligently.

131. Many submissions did not support change, arguing that the existing provisions work well. However IP Australia considers that the current ease of obtaining consecutive extensions of time is a main cause of the exorbitant delays in opposition proceedings, resulting in unnecessary expense and uncertainty for all parties.

132. A number of submissions considered that at least one extension to the evidentiary period should be available as of right. IP Australia disagrees and considers that the existing evidentiary periods are sufficient for most cases.

133. IP Australia also considers that evidence in reply is not intended to raise new matters but should be limited to responding to the evidence in answer. Given this, it is not necessary to have as long a period for evidence in reply as for the other evidentiary stages. Accordingly, IP Australia has modified its proposal to reduce the period for serving evidence in reply from 3 months to 2 months.

4.8 Cooling-off period

4.8 Proposed change (proposal 3.8 in Resolving Trade Mark Opposition Proceedings Faster)

Amend the Trade Marks Regulations to provide that:

- the Registrar may suspend an opposition for a period of 6 months if:
 - a notice of opposition is filed but the opposition is not decided
 - all parties to the opposition file a notice in the approved form requesting suspension²⁰
- the Registrar must suspend the opposition for a further 6 months if all parties to the opposition file a notice requesting an extension of suspension in the approved form before the first suspension period ends
- the Registrar must not suspend the opposition for more than 12 months
- the Registrar must terminate the suspension if, at any time, a party to the opposition files a notice in the approved form requesting termination of suspension

²⁰ Note that the drafter would be instructed to ensure that, if multiple parties have filed separate notices of opposition to the same mark, these would be treated as separate oppositions which could be suspended or prosecuted independently of each other.



- if the suspension is discontinued, whatever period was interrupted by the suspension will commence once again
- the Registrar may at any time give directions as to the steps to be taken should a party terminate the suspension.

134. Most submissions supported the proposal or supported it in principle. Some submissions suggested varying time periods, with some suggesting shorter periods than those proposed by IP Australia and other proposing longer periods. IP Australia considers that there are no convincing reasons to alter the proposed time periods.

135. Other submissions were concerned that the agreement of all parties to the opposition would be required. IP Australia notes that, where separate notices of opposition have been filed, the agreement of all opponents would not be required (in this case there are in fact separate oppositions, which can be treated independently). However, if multiple parties lodge a single joint notice of opposition they are treated as a single opponent. IP Australia considers that if multiple parties choose to run their opposition as a single opposition then all of those parties should be required to agree to the cooling-off period. IP Australia intends to ensure that the amendments are carefully drafted to preserve the above distinction.

4.9 Further evidence

4.9 Proposed Change (proposal 3.9 in *Resolving Trade Mark Opposition Proceedings Faster*)

As indicated above, repeal reg 5.15 of the Trade Marks Regulations.

136. In *Resolving Trade Mark Opposition Proceedings Faster* IP Australia proposed to repeal the provisions for further evidence. Parties would be able to provide information to the Registrar under existing reg 21.19 of the Trade Marks Regulations. Submissions to the consultation paper indicated that there was limited support for the proposal to repeal the further evidence provisions.

137. Concerns were raised about lack of transparency when information was considered outside of formal evidentiary provisions and that the Registrar's delegate may be 'tainted' by evidence that they do not intend to rely on. IP Australia notes that such information can already be considered by the Registrar and is unaware of any issues that this has caused to date.

138. IP Australia considers that the normal evidentiary periods should be adequate for most cases and considers that the proposal will permit equitable consideration of further information in the rare cases where such information is relevant to the Registrar's decision.

4.10 Production of documents or articles, summoning of witnesses

4.10 Proposed Change (proposal 3.10 in *Resolving Trade Mark Opposition Proceedings Faster*)

The changes proposed in 3.10 of *Resolving Trade Mark Opposition Proceedings Faster* will not be progressed.



139. In *Resolving Trade Mark Oppositions Proceedings Faster* IP Australia proposed changes to the Registrar's powers to summon witnesses or require production of documents or articles, and to the sanctions that apply to a failure to comply with these powers. The proposal mirrored the proposal that would have impacted on corresponding powers of the Commissioner of Patents—see 3.10 above.

140. The consultation process revealed a very wide-ranging set of views, some fully supporting the proposal, some resisting some or many aspects of the proposal, and many lying somewhere in between. Issues raised included:

- The need for change—whether this is as much of an issue in trade marks oppositions as it is in patent oppositions, and whether the powers are being misused or over-used.
- Clarifying extra-territorial application of the Registrar's powers—all submissions supported this aspect of the proposal.
- The proposed threshold test.
- Criminal sanctions:
 - Some submissions supported removal of criminal sanctions.
 - Other submissions argued that the sanctions were needed:
 - they would be the only effective sanction against third parties
 - removal would weaken the Registrar's powers
 - parties otherwise may not take the Registrar's powers seriously.
- Proposed administrative sanctions:
 - Many submissions supported this proposal, with some suggesting both administrative *and* criminal sanctions.
 - Some commented that this would codify the 'adverse inference' principles arising from cases such as *Jones v. Dunkell* [1959] 101 CLR 298.
 - There were concerns that administrative sanctions may have little effect.

141. IP Australia has considered all of these views, and has reconsidered the original proposal in view of the issues raised. IP Australia finds some, but not all, of the arguments presented to be persuasive. It has proven difficult to formulate a revised proposal which fully takes account of all of these views. Given this, IP Australia now proposes not proceeding with this proposal at this point in time.

142. However, IP Australia will monitor how these powers of the Registrar are applied and will reconsider its approach in view of any future developments.



4.11 Summary of submissions

4.11 Proposed Change

(proposal 3.11 in Resolving Trade Mark Opposition Proceedings Faster)

Amend the Trade Mark Regulations to provide that:

- the opponent must file and serve on the applicant a summary of the submissions that they intend to make at the hearing no later than 10 business days before the hearing is scheduled
- the applicant must file and serve on the opponent a summary of the submissions that they intend to make at the hearing no later than 5 business days before the hearing
- the Registrar may take a failure to file or serve a summary of submissions into account in considering any award of costs between the parties.

143. Submissions generally supported this proposal. Some submissions indicated that the time periods should be longer. IP Australia accepts that providing the summaries sooner would have advantages and has modified its proposal accordingly.

144. Some submissions considered that both submissions should be due at the same time. IP Australia considers that this would be inconsistent with the general structure of oppositions where the opponent first makes out their case and the applicant then responds to that case.

4.12 Regulation-making power

Proposed Change

(not in Resolving Trade Mark Opposition Proceedings Faster paper)

Amend s 231 (2) of the Trade Marks Act to provide a broad power for the regulations so that the regulations may provide for and in relation to opposition proceedings.

145. Currently, opposition procedures are governed partly by the Trade Marks Act and partly by the Trade Marks Regulations. In contrast, the Patents Act provides for very little of the detail of opposition procedures, with most matters prescribed in the Patents Regulations. IP Australia consider it generally desirable that trade marks legislation is aligned with patents legislation unless there is a reason for them to be treated differently.

146. IP Australia is proposing to implement the above changes to trade marks opposition procedures in the Trade Marks Regulations, to ensure flexibility and the ability to make further amendments quickly, should they be required. Accordingly, IP Australia proposes amending the Trade Marks Act to include a broad regulation-making power with respect to oppositions, similar to the Patents Act.²¹

²¹ Section 228 (2) (h) of the Patents Act.



5 Resolving divisional applications faster

5.1 Directions to request examination and priority of examination

147. Under proposal 3.1 of the *Resolving Divisional Applications Faster* consultation paper, IP Australia proposed two process changes that would have the effect of resolving divisional applications faster. The Commissioner would direct applicants to request examination of divisionals sooner and prioritise examination of divisional applications.

148. These were proposals for changes to IP Australia's examination procedures only. No legislative changes were required.

149. Submissions to the consultation process were very supportive of the proposed changes. IP Australia therefore intends proceeding with the proposal.

5.2 Case management of divisional applications

150. Under proposal 3.2 of the *Resolving Divisional Applications Faster* consultation paper, IP Australia proposed a further process change that would have the effect of resolving divisional applications faster. IP Australia would 'case manage' selected divisional applications—'continuation' applications—in order to see these through to acceptance or refusal more rapidly.

151. This was a proposal for change to IP Australia's examination procedures only. No legislative changes were required.

152. Submissions to the consultation process were very supportive of the proposed changes. There were some comments around exactly how the Commissioner might undertake this 'case management'. The consultation paper noted that process guidelines would be developed, and these issues can be covered in more detail as these guidelines are developed.

153. IP Australia therefore intends proceeding with the proposal.

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

154. Under proposal 3.3 of the *Resolving Divisional Applications Faster* consultation paper, IP Australia proposed legislative changes which would restrict when applicants are able to make divisional applications and 'convert' applications to become divisional applications.

155. The drafting instructions propose implementing the following change:



5.3 Proposed change

- Amend s 79B and 79C to require the patent request form of a divisional application to include prescribed details of the parent application or patent.
- Amend the Patents Regulations to restrict the period within which an applicant is able to request amendment of the patent request form to alter this information to the period ending at the later of the following dates:
 - the day 3 months from publication of a notice of acceptance of the parent
 - the day of publication of a notice of acceptance on the application being converted.
- Amend subsection 79B to insert a provision similar to s 79C (2), under which an applicant may only make a further complete application under s 79B (1) during the period:
 - starting on the filing date of the parent application and
 - ending when any of the following happens:
 - the parent application lapses
 - the parent application is refused
 - the parent application is withdrawn
 - a period prescribed by the regulations ends.
- The period prescribed in regulations made under this provision would be 3 months from publication of a notice of acceptance of the parent.

156. Many submissions to the consultation process were supportive of the proposal.

157. One submission warned that there would be ways of circumventing the proposal. It referred to forthcoming amendments to the Implementing Regulations to the Convention on the Grant of European Patents which will address what the European Patent Office considers to be abusive use of divisional applications. IP Australia is aware of these forthcoming changes, and intends monitoring their efficacy with a view towards possibly adaptation or adoption. But it does not consider this to be a reason for not proceeding with the proposal at this stage.

158. Some submissions were concerned that third party infringers might file oppositions, which could thwart the legitimate interests of applicants.

- It was thus suggested to continue permitting innovation patents to be divided out of opposed applications for standard patents. This would prevent opposition processes delaying infringement proceedings. IP Australia has some sympathy with the underlying concern here, but does not agree with the solution proposed. Rather, IP Australia has set out proposals it considers would resolve patent opposition proceedings sooner, as a preferable means to the same end.
- Another suggestion was, when claim amendments during opposition lead to plurality issues, to permit the plural inventions to be divided out. IP Australia does



not consider this suggestion to be appropriate, given that plurality issues are not relevant during opposition proceedings.

159. Finally, one submission pointed out that the Patents Act generally includes generous provisions to ensure that inadvertent errors do not jeopardise patent protection. The limitation on ‘conversions’ would be contrary to this general approach. IP Australia does not consider this line of argument to be entirely appropriate. The changes are proposed on the basis that they provide a better balance between *all* of the interests which are impacted by the patent system, and not on the basis that no party might be inconvenienced by them.

5.4 Withdrawing applications during opposition

160. Under proposal 3.4 of *Resolving Divisional Applications Faster* IP Australia proposed a change to require the Commissioner’s leave to withdraw an opposed application. This would prevent one method IP Australia has witnessed under which divisional applications are sometimes used to frustrate patent opposition proceedings.

161. The drafting instructions propose implementing the following change:

5.4 Proposed change

Amend section 141 to provide that:

- If the grant of a standard patent is opposed under section 59, the relevant patent application may only be withdrawn with the leave of the Commissioner.
- Otherwise, a patent application may be withdrawn at any time except during a period prescribed for the purposes of that section (as that subsection provides at present).

162. It is envisaged that the Commissioner would only refuse leave to withdraw an opposed application where the opposed application had divisional descendants that claimed the same invention as in the opposed application. In these circumstances withdrawal of the opposed application will only delay final determination of the patentability of an invention claimed in the opposed application and its divisional descendant. This is not in the public’s interests or in the interests of the opponent, who has borne the cost of preparing their case in the opposition, with no outcome, and is likely to then be faced with the costs of mounting another opposition on the divisional descendant.

163. One submission noted that the proposal could force applicants to continue oppositions which they might otherwise choose to discontinue. This would likely only be the outcome of exercise of this discretion when the applicant had filed a divisional application. In that case, IP Australia’s view is that the patent system is better served by reaching a decision on the parent application, so the opponent is not forced to re-oppose the divisional application, maybe some years down the track.