



**Australian Government**

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**IP Australia**

**Position Paper**

**Issues Relating to**  
**Subsection 45(3) of the *Patents Act 1990***

**March 2006**

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## Introduction

On 25 November 2005 IP Australia released a discussion paper canvassing issues that have been raised regarding the operation of subsection 45(3) of the *Patents Act 1990* (the Act) (subsection 45(3)) since it was amended in August 2003. These issues were:

- the fee structure relating to providing search results;
- models for dealing:
  - with the provision of searches relating to divisional and additional applications; and
  - third party notification of search results;
- the definition of “corresponding application”; and
- the definition of “an invention disclosed”.

The discussion paper sought comments on all these issues. Sixteen submissions were received in response to this request. This paper sets out IP Australia position on these issues after considering the submissions.

## Background

### ***Subsection 45(3) of the Act***

The original provisions of subsection 45(3) of the Act provided that the Commissioner of Patents (the Commissioner) may direct an applicant to disclose the results of specified searches that had been completed before the grant of the patent by foreign Patent Offices in respect of corresponding applications filed overseas. These search results would assist in the process of examining the patent application. Section 101D provided similar provisions for innovation patents.

As a result of the Intellectual Property and Competition Review Committee’s report, *Review of Intellectual Property Legislation under the Competition Principles Agreement* (September 2000), subsection 45(3) and section 101D of the Act were amended by the *Patents Amendment Act 2001*. This Act amended these sections to *require* the applicant to inform the Commissioner of the results of searches carried out by or on behalf of the applicant relating to the complete specification, any related provisional application and any corresponding application filed outside Australia. Corresponding amendments were made to the *Patents Regulations 1991* (the Regulations) by the *Patents Amendment Regulations 2002 (No. 1)*.

After the implementation of the *Patents Amendment Act 2001*, IP Australia received considerable feedback from stakeholders indicating that the provisions of the new Scheme were not sufficiently clear for applicants to comply with. To address these concerns, subsection 45(3) and section 101D were further amended by the *Intellectual Property Laws Amendment Act 2002*. Corresponding amendments were made to the Regulations by the *Patents Amendment Regulations 2003 (No. 2)*. These amendments required the applicant to inform the Commissioner of the results of prescribed searches conducted by, or on behalf of, foreign patent offices.

Both the Institute of Patent and Trade Mark Attorneys (IPTA) and the Federation of Intellectual Property Attorneys (FICPI) contacted IP Australia in relation to difficulties members of IPTA and FICPI had been having with the search results disclosure regime under the further amended provisions of subsection 45(3).

Representatives from IP Australia, IPTA and FICPI held discussions in July and October 2005 regarding these difficulties and possible amendments to the *Patents Regulations 1991* (the Regulations) that would address the issues raised. In the discussion held in October 2005 the parties agreed to produce a discussion paper seeking comments on the issues raised and the proposed amendments.

### ***Policy Objective***

The policy objective of subsection 45(3) is to further enhance the validity of patents by ensuring that documents that are most relevant to the novelty and inventiveness of an invention are brought to the attention of the Commissioner.

## Issues

### ***Issue—Fees***

- The time for filing search results is overly restrictive and frequently results in requests for extension of time to file search results, which, in some circumstances, may result in large fees; and
- The fee structure is difficult to administer

### **Position**

IP Australia proposes to seek amendments to implement the fee structure set out in the discussion paper.

- (1) Search results can be filed at any time up to 6 months after the patent has been granted, with fees and fee points as follows:
  - (a) For results filed before the application is accepted under subsection 49(1) of the Act (irrespective of when the search was completed) – no fee;
  - (b) For results filed after the date the application is accepted under subsection 49(1) of the Act but up to 3 months following publication of a notice of acceptance under paragraph 49(5)(b) of the Act – \$400, unless the Commissioner of Patents is satisfied that the search was filed within 6 months of the date it was completed (under regulation 1.3A of the Regulations), in which case the fee would be \$200;
  - (c) For search results filed more than 3 months after publication of a notice of acceptance under paragraph 49(5)(b) of the Act but up to 6 months after grant under section 61 of the Act – \$1300, unless the Commissioner of Patents is satisfied that the search was filed within 6 months of the date it was completed (under regulation 1.3A of the Regulations), in which case the fee would be \$200.
- (2) Section 223 –
  - (a) The section 223 extension mechanisms would apply to all time limits;
  - (b) If more than 6 months have elapsed since sealing, an application for an extension of time under section 223 would be necessary in order for the search results to be properly filed. Although this would not stop the Commissioner from considering the search results in a re-examination context, subsection 102(2C) of the Act may apply.
- (3) To be eligible for the lower fees in fee points (1)(b) and (1)(c) above:
  - (a) The applicant must supply evidence of the date of completion (per regulation 1.3A of the Regulations) of the search at the time they file the search results. This could be in the form of a copy of the search report or covering letter produced by the foreign patent office;
  - (b) If the Commissioner is not satisfied by this, he or she would issue an invitation to pay (ITP) the outstanding balance of the fee;

- (c) The applicant would not have an opportunity to submit further evidence to justify the lower fee – they would either pay the fee indicated on the ITP, or the search results would be taken as not having been filed.

If the applicant pays the higher fee, and subsequently supplies evidence of an earlier date of completion, no refund of the difference would be payable.

## **Background**

The current fee structure for subsection 45(3) is set out in regulation 3.17A. Briefly, if the applicant files the search results within the later of 6 months of the search being completed or 6 months of examination being requested no fee is payable. However, if the applicant files the search results outside these time frames, the applicant is required to apply for an extension of time and pay \$100 per month if no notice of acceptance has been published or \$150 per month otherwise. If the applicant receives a search which was completed prior to grant of the patent, but after 3 months from the notice of acceptance, the applicant needs to apply for an extension of time under section 223, for which the fees are \$100 per month of extension sought.

Stakeholders have advised IP Australia that the current extension of time regime can result in large fees, especially where an applicant does not receive the results within the specified time frames. These fees may mean it is more economically viable for applicants to file a new application resulting in unnecessary patent applications being filed and additional administrative effort being required by the Commissioner to process these requests.

IPTA and FICPI have previously supported the proposed fee structure.

## **Discussion**

Most of the submissions were generally supportive of removing fees for filing search results before acceptance. However, a couple of submissions raised equity issues regarding: fees for filing search results after acceptance where the applicant has acted without delay; and the lack of review of the Commissioner's decision regarding the appropriate post-acceptance fee payable for filing search results.

There are a number of factors that IP Australia must consider when implementing fees for filing search results. These factors include:

- the complexity of the system;
- whether the proposed system will encourage the timely filing of search results;
- the cost to IP Australia and applicants when administering the system; and
- equity.

As noted, the current system is costly for applicants and IP Australia to administer. For example, applicants need to continually monitor whether search results have been issued by foreign patent offices, and requests for extensions of time to file search results are costly for IP Australia and applicants to process.

The proposed system is simple and will be less costly to administer as no fees are payable unless search results are filed after acceptance and no extensions of time to file search results are required until six months after the patent has been sealed by which time the majority of search results should have been received by applicants and filed with the Commissioner. Even though applicants will be required to pay fees for filing search results after acceptance where the applicant has acted without delay, IP Australia believe this is an equitable approach. For example, under the proposed system, IP Australia will be absorbing the costs associated with

search results filed during examination. However, as search results filed post acceptance require additional time and effort, for example re-consideration of a previously accepted application, IP Australia believes it fair to recover the costs associated with these filings.

Applicants will still be encouraged to file search results each time they respond to examination correspondence. In addition, due to their lack of control over when a patent application will be accepted, applicants would be advised not to delay submitting search results in order to minimise the possibility of having to pay the post-acceptance fees for filing search results.

IP Australia will monitor when the search results are received. If an additional burden occurs due to search results constantly being filed close to acceptance, this process may be reviewed.

### **Transitional Arrangements**

It is proposed that the new fee arrangements will apply to all search results filed on or after the commencement date. The current fee arrangements will apply to all search results that have been filed before the commencement date.

## ***Issue—Searches for Divisional and Additional Applications***

- It is not clear which search results need to be filed for divisional or additional applications where there are multiple generations of ancestor applications.

### **Position**

IP Australia proposes to seek amendments to regulation 3.17A of the Regulations such that all relevant search results must be filed on all divisional and additional applications, irrespective of whether they had previously been filed on the parent or other related applications.

### **Background**

IPTA raised concerns over the clarity of the wording of subregulation 3.17B(c) which sets out the need for the filing of search results for divisional applications, and the wording of subregulation 3.17B(d) which deals with patents of addition. The issue is whether search results already in possession of IP Australia (eg filed in relation to the parent application or the main application respectively) need to be filed when filing a divisional or additional application.

IP Australia, IPTA and FICPI representatives discussed various options in addressing this issue. Whilst IPTA and FICPI felt that there was good sense in excluding divisional applications where search results had been filed on the parent it was recognized that there were definitional difficulties in covering multiple generations of divisional applications. As such IP Australia, IPTA and FICPI see advantages in requiring the filing of all relevant searches on all divisional and additional applications, irrespective of whether they had previously been filed on the parent or other related applications.

### **Discussion**

This approach provides absolute certainty as to what search results need to be filed for divisional applications and patents of addition. Requiring all relevant search results to be filed will mean that subregulations 3.17B(c) and (d), and paragraphs 9A.2B(c) and (d) of the Regulations are no longer required.

Only two submissions queried the need for this change. One submission believed that this proposal placed an undue burden on applicants, with the other submission questioning the relevance of the search results from parent cases, especially where the parent application had been divided numerous times. However, the approach that has been taken will provide absolute certainty as to what search results need to be filed.

### **Transitional Arrangements**

It is proposed that these arrangements will apply to all divisional or additional applications for which a request for examination is filed on or after the commencement date. The current arrangements for filing search results will apply to for divisional or additional applications for which a request for examination has been filed before the commencement date.

## ***Issue—Third Party Notification of Search Results***

- It is not clear if a patent applicant must file the result of documentary searches performed by or on behalf of foreign patent offices where they did not receive copies of those searches directly from the foreign patent office or a person who conducted the search on behalf of the foreign patent office.

### **Position**

IP Australia proposes to seek amendments to paragraphs 3.17B(f) and 9A.2B(e) of the Regulations to specify that an applicant (or patentee under paragraph 9A.2B(e)) must supply the results of searches performed by or on behalf of foreign patent offices where they have received those results from a foreign patent office or a person who conducted the search on behalf of the foreign patent office.

### **Background**

Concerns have been raised that a search result from a foreign patent office that was never received by an applicant could be drawn to the attention of the applicant by a third party several years after its completion (eg during revocation proceedings). In this situation the exemption under paragraphs 3.17B(f) and 9A.2B(e) of the Regulations (“a search, the result of which was not received by the applicant” and “a search, the result of which was not received by the patentee” respectively) may not apply.

### **Discussion**

IP Australia agrees that clarification of paragraphs 3.17B(f) and 9A.2B(e) of the Regulations would be beneficial and proposes to seek amendment of this clause to clarify the meaning of “received by the applicant” and “received by the patentee” respectively.

IP Australia does not consider a general time limitation on the provision of search results provided by a foreign patent office is appropriate.

The submissions generally agreed with this approach.

### **Transitional Arrangements**

It is proposed that these arrangements will apply to all determinations of whether search results were received by the applicant made on or after the commencement date.

## ***Issue—Definitional issues for “corresponding application”***

- It is not possible for an applicant to determine with absolute certainty whether another application is considered to be a “corresponding application”.

### **Position**

IP Australia agrees that patent professionals may have difficulty determining with absolute certainty whether another application is a corresponding application. Consequently, IP Australia proposes to seek amendments to restrict the definition of “corresponding application” to only applications that:

- provide a priority for the complete application;
- claim priority from the complete application;
- claim a priority that is the same as the priority claimed by the complete application;

### **Background**

IPTA raised concerns regarding the phrase “corresponding application” in subsection 45(3) and has stated that as the phrase is not defined it is not possible for an attorney or a client to be able to determine with certainty whether another application is considered to be a “corresponding application”. IP Australia understands that the current practice is for attorneys to “err on the side of caution” and file all possible results to avoid possible amendment issues under subsection 102(2C) of the Act.

IP Australia had received little feedback from stakeholders that the phrase “corresponding application” was causing problems, and in practice had seen no evidence of any real difficulties in the filing of search results. It has been suggested that there may be many latent problems which will not come to light until relevant patents are the subject of litigation.

IPTA suggested that this problem may be overcome by seeking to amend regulations 3.17B and 9A.2B to include an additional category of search results that the applicant need not file with the Commissioner. The definition IPTA proposed for this additional category is as follows:-

*“Search results that are not search results in respect of a corresponding application which at the time the search was completed:*

- *claims or has an entitlement to priority from the complete application;*
- *claims or has an entitlement to a priority that is the same as the priority claimed by the complete application; or*
- *provides a priority for the complete application.”*

IP Australia is wary of proposing further legislative changes to the regulations if it would create other definitional or interpretational problems.

### **Discussion**

IP Australia received numerous submissions on this issue. A few submissions queried whether there really was a problem. Most submissions stated there was a problem and supported the approach for solving the problem proposed by IPTA.

The examples used to illustrate the problem faced by applicants were all examples in which multiple inventions were directly or indirectly disclosed in the priority document or documents and a number of applications claimed priority from those documents.

A few submission queried the omission from the proposed definition by IPTA of the situation where an inventor files patent applications in various countries without a priority claim but for the same invention.

As the majority of the submissions agreed there was a problem and supported the definition proposed by IPTA and FICPI, IP Australia proposes to seek amendments to the Regulations. IP Australia notes that as the focus of these subsection 45(3) discussions has been on increasing certainty for practitioners, IP Australia will not include the situation where an inventor files patent applications in various countries without a priority claim but for the same invention in the definition of corresponding application due to the difficulty in defining this situation without causing interpretational problems (and therefore lack of certainty).

For the purposes of paragraphs 45(3)(a) and 101D(1) of the Act, IP Australia proposes to seek amendments to prescribe any search result on a corresponding application other than a search result on a corresponding application which

- provides a priority for the complete application;
- claims or has an entitlement to priority from the complete application; or
- claims or have an entitlement to a priority that is the same as the priority claimed by the complete application.

This proposal provides certainty by overcoming the need to know the exact scope of the phrase “corresponding application”, obviating the need to file search results for any application which is a corresponding application but does not fulfil the criteria set out in the Regulations.

### **Transitional Arrangements**

It is proposed that these arrangements will apply to all determinations of whether an application is a corresponding application for the purposes of section 45(3) made on or after the commencement date.

IP Australia notes that even though this proposal is proposed to apply to all determination on or after the commencement date, as the proposal merely clarifies the existing provisions, there will be no adverse effect for applicants who have filed prior to the commencement of these provisions.

## ***Issue—Definitional issues for “an invention disclosed...”***

- The phrase “an invention disclosed in the complete specification” may include prior art that is disclosed in the complete specification and so require the filing of search results for that prior art.

### **Position**

IP Australia believes that the amendments proposed in relation to “corresponding application” should overcome concerns raised by practitioners on this issue.

### **Background**

IPTA and FICPI raised concerns with the phrase “an invention disclosed in the complete specification” mentioned in subsection 45(3). IPTA and FICPI believe the phrase “an invention disclosed in the complete specification” could possibly include search results from patent applications disclosed as related prior art in the patent specification. IPTA suggested that if this interpretation is correct, and these results were not filed, an applicant may not be able to amend to overcome the citation (under subsection 102(2C) of the Act) and could possibly have the patent revoked. IPTA believes that its proposal to seek amendment to regulations 3.17B and 9A.2B as indicated above would overcome this issue.

### **Discussion**

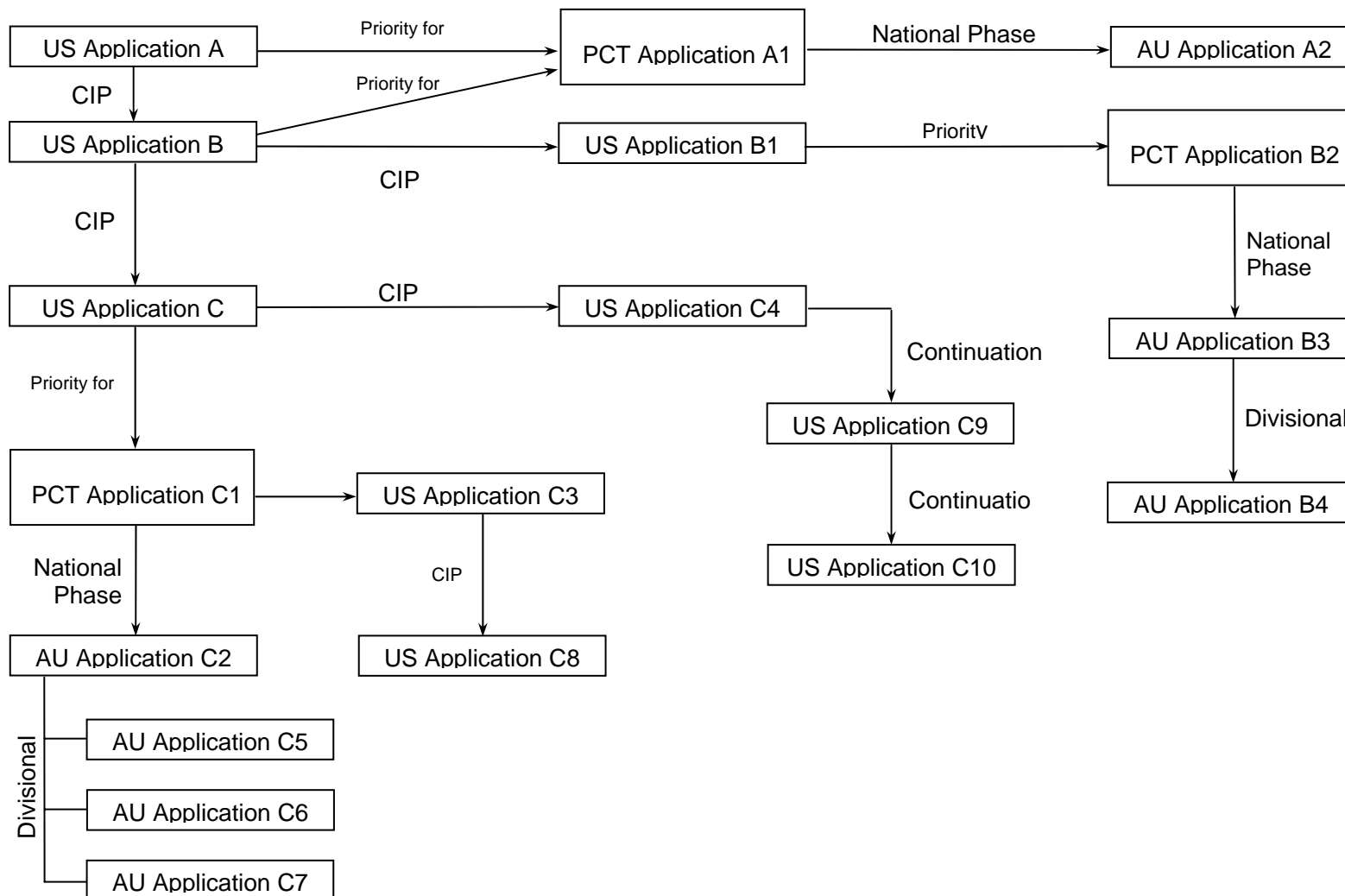
IP Australia considers that a reference to prior art in a patent specification does not constitute a reference to “an *invention* disclosed”. The term “invention” is defined in Schedule 1 to the Patents Act as “any manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies, and includes an alleged invention”. IP Australia does not consider that the sort of information to which IPTA is referring falls within this definition of “invention”. Nevertheless, the amendments proposed in relation to “corresponding application” appear to overcome the concerns raised by IPTA and FICPI.

The majority of submissions did not indicate that this issue was a problem or considered the issues only arose from a strained interpretation of the provision. However, a large number of submissions raised, as a significant problem, the necessity of filing search results for each invention disclosed in a corresponding application where that corresponding application:

- disclosed multiple applications but is intended to obtain the grant of a patent for only one of those inventions in the present application;
- either discloses a basic inventive concept or belongs to a family of applications directed toward different aspects of that inventive concept and claiming priority from the initial disclosure of the inventive concept; or
- recycles portions of the description from that corresponding application, but that application is directed toward a different aspect of the common inventive concept.

This problem is outside the scope of the current review. However, IP Australia notes that IPTA and FICPI suggested restricting the search results required to those relating to an invention claimed in a corresponding application. This suggestion was not pursued as this amendment would result in the omission of search results IP Australia considers relevant. For example, if an application discloses multiple inventions in the specification, but does not claim all the inventions, however a subsequent application (eg divisional) does claim an invention disclosed but not claimed in the earlier application, the search results of the first application may still be considered relevant for the subsequent patent application.

## Annex 1 Diagram of priority relationships for one patent family



## Annex 2 Responses to the s45(3) Discussion Paper

	Fees		Search results for Divisional Additional Applications		IPTA/FICPI Definition		Other Comments
	For	Against	For	Against	For	Against	
1.		X					<ol style="list-style-type: none"> <li>1. Particularly unhappy about the changes to the lodgement of search results and charging after acceptance.</li> <li>2. Propose an alternative lodgement and fee scheme.</li> <li>3. No comments on any other matters.</li> </ol>
2.		X					<ol style="list-style-type: none"> <li>1. Supports a modified/simplified version of the proposal in submission 1.</li> <li>2. No comments on any other matters.</li> </ol>
3.					X		<ol style="list-style-type: none"> <li>1. Provides comments and an example on difficulties with the term “corresponding applications”.</li> <li>2. No comments on any other matters.</li> </ol>
4.					X		<ol style="list-style-type: none"> <li>1. Clarification is required for the terms “corresponding application” and “an invention disclosed”.</li> <li>2. Provides comments and an example on applications disclosing multiple inventions, but perhaps only one invention claimed.</li> </ol>
5.					X		<ol style="list-style-type: none"> <li>1. Proposes a definition similar to Singapore’s for “corresponding application”.</li> <li>2. Comments on filing tactics and use of priority documents.</li> <li>3. Comments on searching practices.</li> <li>4. Comments on examination practices in various countries.</li> <li>5. Comments on need for translations of search/exam reports rather than originals.</li> </ol>
6.	X		X		X		<ol style="list-style-type: none"> <li>1. Agrees that “received by the applicant” needs clarification.</li> <li>2. Comments that “an invention disclosed” also needs clarification.</li> </ol>
7.					X		Provides comments and examples of difficulties with the term “corresponding application”.
8.					X		<ol style="list-style-type: none"> <li>1. Provides comments and examples of difficulties with the term “an invention disclosed”.</li> <li>2. Provides comments and examples of difficulties with the term “corresponding application”.</li> <li>3. Suggests changing the Act to refer to the need to file search results on the “subject matter disclosed” as in US IDS requirements.</li> </ol>

9.		X		X			<ol style="list-style-type: none"> <li>1. Unjust fee increase for search results lodged after advertisement of acceptance or after grant.</li> <li>2. Believes that the changes to Divisionals will be inconvenient to both applicants and examiners.</li> <li>3. Refers to submission 8.</li> </ol>
10.					X		Provides comments on difficulties with the term “corresponding application”.
11.		X	X			X	<ol style="list-style-type: none"> <li>1. Consider that fees being charged for search results lodged within 6 months of the date the search was completed is unfair.</li> <li>2. Suggest an alternative fee scheme.</li> <li>3. Agreed with proposed changes to 3<sup>rd</sup> party notifications.</li> <li>4. Suggests that the US system be implemented to overcome Q1.</li> <li>5. Comments that IPTA definition is awkward and does not cover all scenarios.</li> <li>6. Suggests that US and EP search results be excluded as now happens for PCT searches.</li> <li>7. Does not agree with the IPTA interpretation on “an invention disclosed”.</li> <li>8. Suggests that reference for prior art should be limited to the invention claimed.</li> </ol>
12.							<ol style="list-style-type: none"> <li>1. Suggests that US and EP search results be excluded as now happens for PCT searches.</li> <li>2. Suggests introducing a US style “obligation to disclose” regarding the lodgement of search results.</li> <li>3. Comments that the existing system is too expensive, impractical and inefficient.</li> <li>4. No comments on any other matters.</li> </ol>
13.				X	X		<ol style="list-style-type: none"> <li>1. Agrees that the term “corresponding application” needs clarification.</li> <li>2. Comments on difficulties with “an invention disclosed”.</li> <li>3. Strongly disagrees with the proposed changes for Divisionals.</li> <li>4. Suggests a UK style scheme where the lodgement of search results is discretionary</li> </ol>
14.							<ol style="list-style-type: none"> <li>1. Suggests a completely new scheme for search results wherein s45(3) is scrapped and WIPO maintains a database of all cited art which is accessible by all examining offices.</li> <li>2. No comments on any other matters.</li> </ol>
15.	X		X		X		<ol style="list-style-type: none"> <li>1. Generally in favour of all proposals.</li> <li>2. Agrees that the term “corresponding application” needs clarification.</li> </ol>

16.	X		X (in part)		X (in part)	<ol style="list-style-type: none"><li>1. Comments that the present provisions require amendment to remove the administrative burden of supplying search results that do not relate to the invention claimed.</li><li>2. Agrees that the term “corresponding application” needs clarification.</li><li>3. Comments on difficulties with “an invention disclosed”.</li><li>4. Comments on IPTA definition not covering all scenarios.</li></ol>
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