



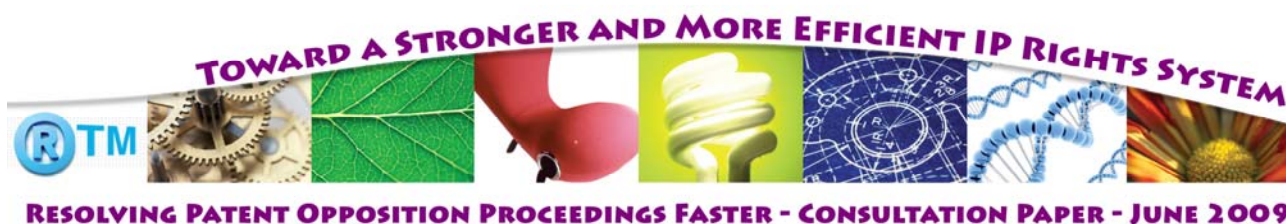
**Australian Government**

**IP Australia**

# Resolving patent opposition proceedings faster

**Toward a stronger and more efficient  
IP rights system**

**IP Australia  
Consultation Paper  
June 2009**



**RESOLVING PATENT OPPOSITION PROCEEDINGS FASTER - CONSULTATION PAPER - JUNE 2009**



## 1. Introduction

This paper is one of several papers<sup>1</sup> setting out proposals directed at improving the fit and function of the Australian patent system as a vehicle to support innovation. This paper focuses on patent opposition procedures. A key focus of this paper is on proposing and discussing changes aimed at resolving patent opposition proceedings faster.

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

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

This paper has been organised into four parts:

- this part is a brief introduction
- the second part outlines the opposition process, and highlights the need for reform
- the third part sets out proposals for reform to patent opposition procedures
- the fourth part sets out some questions on which IP Australia welcomes your feedback.

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

The closing date for submissions is 17 August 2009.

Written submissions should be sent to:

Michael O'Rourke  
Assistant Director, Domestic Policy  
IP Australia  
PO Box 200  
WODEN ACT 2606

Email: [MDB-Reform@ipaaustralia.gov.au](mailto:MDB-Reform@ipaaustralia.gov.au)  
Fax: 02 6283 7999

The contact officer is Michael O'Rourke, who may be contacted on (02) 6283 2017.

Please note that, unless requested otherwise, written comments submitted to IP Australia may be made publicly available. A request made under the *Freedom of Information Act 1982* for access to a submission marked confidential will be determined in accordance with that Act.

---

<sup>1</sup> See also IP Australia consultation papers 'Exemptions to patent infringement', 'Getting the balance right', 'Resolving divisional applications faster' and 'Resolving trade marks opposition proceedings faster' at [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au).



## Contents

|   |           |
|---|-----------|
| <b>1. Introduction.....</b>   | <b>2</b>  |
| <b>Contents .....</b>   | <b>3</b>  |
| <b>2. Background—the opposition process and the need for change.....</b>              | <b>3</b>  |
| <b>2.1</b> Aims of the opposition process .....                                       | 3         |
| <b>2.2</b> Problems with the opposition process.....                                  | 4         |
| <b>2.3</b> The opposition process.....  | 5         |
| <b>3. Proposals for reform.....</b>   | <b>6</b>  |
| <b>3.1</b> Commencing opposition proceedings .....                                    | 6         |
| <b>3.2</b> When to provide notice of opposition—opposition period.....                | 7         |
| <b>3.3</b> Time for providing statement of grounds and particulars .....              | 8         |
| <b>3.4</b> Procedural oppositions—periods for providing evidence.....                 | 9         |
| <b>3.5</b> Substantive oppositions—period for serving evidence in support.....        | 10        |
| <b>3.6</b> Notices that parties will not rely on evidence .....                       | 11        |
| <b>3.7</b> Notice of intention to serve evidence in reply and period for service..... | 11        |
| <b>3.8</b> Extensions of periods for providing evidence.....                          | 12        |
| <b>3.9</b> Further evidence.....  | 14        |
| <b>3.10</b> Production of documents or articles, summoning of witnesses .....         | 16        |
| <b>3.11</b> Summary of submissions .....  | 17        |
| <b>3.12</b> Amendments directed by the courts.....                                    | 18        |
| <b>4. Questions for Consideration .....</b>   | <b>20</b> |
| <b>Figures.....</b>   | <b>21</b> |

## 2. Background—the opposition process and the need for change

### 2.1 Aims of the opposition process

1. The patent system stimulates innovation by granting limited monopoly rights to inventors, and by increasing public availability of information on new technology.

2. To meet these aims effectively, the patent system must deliver robust patent rights in an efficient and a timely manner. In doing so, the system must achieve an appropriate balance among the competing interests which are impacted by the patent system, including the innovator seeking patent protection, commercial competitors who might be affected by grant of a patent, and the public interest.

3. All of these interests may be adversely impacted by:

- grant of invalid patents
- delays in the patent processes causing protracted uncertainty around whether a patent will be granted for an invention, and what the scope of such a patent may eventually be.

4. The ability to oppose grant of a patent is one mechanism the patent system provides to ensure that the interests of commercial competitors are taken into account in the patent process. Oppositions should provide for a swift and inexpensive determination, and should offer simple and straightforward processes. But the opposition system also meets an important public interest objective: an overriding aim is to meet the public interest objective of preventing grant of invalid patents.



## Preventing grant of invalid patents

5. Oppositions provide for a review of, or a ‘second look’ at, decisions of the Commissioner of Patents (‘Commissioner’). Oppositions focus on whether the patent should proceed to grant, usually on the basis of new material that was not previously available to the Commissioner during examination. Unlike a court review, oppositions offer an opportunity for further consideration by a decision-maker with technical expertise in the field of the invention: the Commissioner is recognised as having such expertise.<sup>2</sup>

6. Although participants are primarily motivated more by their private commercial interests, a key focus of the Commissioner during opposition is the public good.

## Swift and inexpensive

7. To be a useful option for competitors, opposition procedures must be swift and inexpensive, particularly in comparison to court proceedings. This has been recognised by the Federal Court of Australia<sup>3</sup>:

the purpose of pre-grant opposition proceedings<sup>4</sup> is to provide a swift and economical means of settling disputes that would otherwise need to be dealt with by the courts in more expensive and time consuming post-grant litigation; that is, to decrease the occasion for costly revocation proceedings by ensuring that bad patents do not proceed to grant.

8. Parties to an opposition seek outcomes that are aligned with their own commercial interests, and sometimes seek to use patent oppositions as a forum to reach negotiated commercial settlements about patent rights. But facilitating such negotiations is *not* an objective of patent oppositions. Permitting parties to delay proceedings while they conduct private negotiations would be contrary to public interest considerations in the timely resolution of patent matters.

## Simple and straightforward procedures

9. Patent opposition procedures must be as simple and straightforward as possible. The rules should be understandable to *all* potential users of the system. Unnecessary complexity can create additional costs, not only for parties directly involved in oppositions, but also for others affected by the patent system.

## 2.2 Problems with the opposition process

10. There are concerns that present opposition processes do not meet these aims. Earlier reports<sup>5</sup> and IP Australia’s own experience have highlighted concerns with:

- Delays—oppositions lasting between 3 and 8 years are not unusual.
  - Delays reduce the opportunity for an inventor to gain a real benefit from a patent, and potentially inhibit innovation.

<sup>2</sup> *Commissioner of Patents v. Emperor Sports Pty Ltd* [2006] FCAFC 26.

<sup>3</sup> *Genetics Institute Inc v. Kirin-Amgen Inc* [1999] FCA 742 (7 June 1999) at [19].

<sup>4</sup> The Advisory Council on Intellectual Property is currently consulting on whether Australia’s pre-grant opposition system is appropriate: see *Post-grant patent enforcement strategies—issues paper*, 2006, the Advisory Council on Intellectual Property. This paper does not consider this issue.

<sup>5</sup> *Patents, Innovation and Competition in Australia*, 1984, the Industrial Property Advisory Committee; *Review of the Enforcement of Industrial Property Rights*, 1999, the Advisory Council on Intellectual Property; *Post-grant patent enforcement strategies—issues paper*, 2006, the Advisory Council on Intellectual Property.



- Oppositions can be used to delay patent grant, preventing commencement of infringement proceedings.
  - Oppositions can be used to delay finalisation of a patent, protracting uncertainty and inconveniencing the opponent and other commercial competitors.
  - Delays are largely due to the evidential time frames.
- Costs—the cost implications of lengthy opposition proceedings can be very serious for small parties with limited resources.

11. Stakeholders have indicated agreement that opposition processes should be quick and efficient, and that present processes are often unsatisfactory, being both too long and too expensive. They have indicated that proceedings are sometimes deliberately extended, and that the objective of the opponent can sometimes be delay. Other stakeholders have submitted that delays often relate to the negotiation of settlements, which they consider to be a positive thing. However, it is not in the public interest for negotiations to delay opposition proceedings, particularly where parties may be negotiating to reach agreement to exploit an arguably invalid patent.

12. Against the background of these concerns, IP Australia considers that it is time to reform opposition processes. The following section sets out the current opposition processes. IP Australia's proposals for reform are set out in the remainder of this paper.

## 2.3 The opposition process

13. A number of decisions of the Commissioner under the *Patents Act 1990* can be opposed. The majority of oppositions occur when the Commissioner has decided to accept an application for a patent, and another party wishes to oppose that decision and prevent the patent from being granted, or from being granted in that particular form.

14. For convenience, this paper divides oppositions into two broad categories:

- **substantive oppositions**, which generally focus on ownership and patentability: grant of a standard patent<sup>6</sup>, grant of an extension of term of a patent relating to a pharmaceutical substance<sup>7</sup>, or opposition to an innovation patent<sup>8</sup>
- **procedural oppositions**, which consider other issues: allowance of amendments<sup>9</sup>, extensions of time<sup>10</sup>, corrections to the Register of Patents ('Register')<sup>11</sup> and licenses to exploit.<sup>12</sup>

15. The basic steps in the opposition process for a substantive opposition to grant of a standard patent are:

- An application for a patent is advertised as accepted.
- An opponent has a period of 3 months within which to oppose grant of the patent.

<sup>6</sup> Section 59 of the Patents Act.

<sup>7</sup> Section 75 of the Patents Act.

<sup>8</sup> Section 101M of the Patents Act.

<sup>9</sup> Section 104 of the Patents Act.

<sup>10</sup> Section 223 of the Patents Act.

<sup>11</sup> Regulation 10.7 of the Patents Regulations 1991.

<sup>12</sup> Regulation 22.21 of the Patents Regulations.



- The opponent has a further 3 months in which to provide a statement setting out the grounds and particulars on which they intend opposing the application.
- Parties may provide evidence to support their case, following a statutory timetable—the statutory evidential periods can be extended, and further evidence may be provided outside these periods.
- A trained IP Australia staff member hears both parties' cases, either in oral proceedings or on the basis of written submissions, and decides the outcome of the opposition. The opposition may result in the application proceeding to grant, the application being refused, or the applicant being provided with an opportunity to amend the application to overcome successful grounds of opposition.
- The applicant may appeal the decision to the Federal Court of Australia.<sup>13</sup>

16. This procedure is illustrated in **Figure 1** on page 21. Similar steps apply to other oppositions.

## 3. Proposals for reform

### 3.1 Commencing opposition proceedings

17. A patent opposition is commenced by a person (the opponent):

- giving a notice of opposition to IP Australia, ensuring for example that the Commissioner becomes aware of the opposition and does not proceed to grant the patent
- paying the prescribed fee to IP Australia
- giving a copy of the notice to the applicant or patentee as soon as practicable, bringing the opposition to the applicant's or patentee's attention.

18. In the interests of streamlining the process of commencing an opposition, IP Australia proposes to introduce the following change:

### 3.1 Proposed change

- IP Australia, and not the opponent, would give the notice of opposition to the applicant or patentee.

19. This proposal would only apply to the notice of opposition, and not to any other documents. This would additionally align the procedure for instigating patent oppositions with a corresponding proposal for instigating trade mark oppositions.<sup>14</sup>

<sup>13</sup> It has previously been proposed that the Federal Magistrates Court be given jurisdiction under the Patents, Trade Marks and Designs Acts—see *Consideration of extending the jurisdiction of the Federal Magistrates Service to patent, trade marks and designs matters*, Advisory Council on Intellectual Property, 2003. This proposal is not dealt with in this paper.

<sup>14</sup> See the IP Australia consultation paper 'Resolving trade marks opposition proceedings faster' at [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au).



## 3.2 When to provide notice of opposition—opposition period

20. For most oppositions, there is only a limited period of time in which an opponent may provide the notice of opposition.<sup>15</sup>

21. This ‘opposition period’ must balance competing interests. Applicant interests favour a shorter period—they are generally expected to be interested in achieving certainty surrounding their patent rights as soon as possible. Opponent interests can favour either a longer or a shorter period. Opponents may require a longer period, in order to have a reasonable period of time in which to become aware of the action they may wish to oppose and to decide whether to commence opposition proceedings. However, in some circumstances opponents may be interested in finalising an opposition sooner, and would favour a shorter period.

22. There are competing public interests. The public interest in obtaining certainty as to the existence and scope of patent rights claimed in a patent application as early as possible supports a shorter period. However, the public interest in preventing the grant of invalid patent rights supports a rigorous opposition process: the opposition period could not be too short lest a serious opponent would be denied the opportunity of becoming aware of and opposing a patent.

23. For substantive oppositions, the opposition period is currently 3 months. For procedural oppositions, the opposition period is either 1 or 3 months depending on what is being opposed:

- allowance of amendments and amendments of the Register—3 months
- extensions of time and licenses to exploit—1 month.

24. IP Australia is of the view that the opposition periods for substantive oppositions, extensions of time and licenses to exploit balance the competing interests adequately. The decision to oppose the grant of a standard patent or an extension of term is a substantial step that requires due consideration following acceptance of an application, so the 3-month period remains appropriate. The more limited scope of oppositions to extensions of time and licenses to exploit makes the shorter opposition periods appropriate.

25. However, the period for opposing allowance of amendments and amendments to the Register appears unduly long, and does not properly balance these considerations. Instead, a 1 month opposition period is proposed for these actions.

### 3.2 Proposed change

- Reduce the period for opposing allowance of amendments and amendments to the Register to 1 month.

26. This proposal would achieve resolution of amendments sooner, particularly when amendments are proposed during a substantive opposition. Almost all oppositions to amendments occur during a substantive opposition to grant of a patent. In the majority of cases, the opponent is either a party to the opposition or is related in some way to such a party. In such cases, a decision to oppose an amendment is a reasonably straightforward step for a party to take. The opponent is

<sup>15</sup> The exception to this statement relates to opposition to innovation patents, for which there is no time limit.



already notified directly of any amendments, so the proposal would not adversely impact on them. But it would tend to expedite resolution of the matter overall.

27. Some stakeholders might consider that this proposal would cause additional costs to parties who might wish to oppose amendments. In particular, stakeholders have noted that watching services are usually conducted on a monthly or 3-monthly basis: the reduction in the opposition period would necessitate more frequent watching services, with attendant costs.

28. However, IP Australia notes that some opposition periods are 1 month at present, which appears to indicate that current watching systems and processes are now set up to cope with a 1-month opposition period.

29. In any event, recent enhancements to IP Australia's AusPat searching system would tend to ameliorate any disadvantages and enhance patent watching and searching activities. AusPat now provides more opposition-related information on-line than has previously been available. IP Australia has received feedback that these services now permit users to search for relevant information significantly more quickly and cheaply than previously.

### **3.3 Time for providing statement of grounds and particulars**

30. An opponent is required to provide a statement of grounds and particulars in support of their opposition. The purpose of this statement is to:

- give the applicant fair notice of the basis of the opposition—so they will know what case they have to meet
- define and limit the issues of the opposition—the opponent is limited to the case set out in this statement, unless it is amended
- provide the basis for summary dismissal of the opposition—for example, an unmeritorious opposition can be dismissed if no grounds are specified in the statement, or if grounds are specified but are not particularised.

31. A statement of grounds and particulars must be provided within 3 months after filing the notice of opposition.<sup>16</sup>

32. For substantive oppositions, IP Australia considers this 3 month period to be appropriate. A patent opponent may have to undertake significant research and consideration prior to finalisation of the statement. This can include analysing patent claims and conducting prior art searches. If a statement is required to be filed before the opponent has a reasonable opportunity to complete these steps, it is likely to be speculative and of little use in defining the issues in the proceedings.

33. However, IP Australia does not consider that this 3 month period is appropriate for procedural oppositions. These oppositions are significantly simpler, and have a substantially more limited scope. A shorter period for supplying the statement would expedite proceedings, resolving the opposition sooner, and would be sufficient given the nature of these types of oppositions. IP Australia therefore proposes the following change:

---

<sup>16</sup> Apart from opposition to an innovation patent, when it is required at the same time.



## 3.3 *Proposed change*

- For procedural oppositions, the period for filing the statement of grounds and particulars would be reduced to 1 month, rather than 3 months, after filing the notice of opposition.

34. Stakeholders have expressed differing views on this proposal. Some consider that time is wasted by allowing 3 months to file a statement of grounds and particulars, and that this serves to unreasonably delay the opposition process. Other stakeholders consider that a requirement to provide the statement at the same time as the notice of opposition would not be unreasonable.

35. However, other stakeholders consider that drafting the statement takes considerable time, and that for it to be useful, sufficient time should be allowed for its preparation. Others argue that there would be little point forcing opponents to provide a rushed statement of grounds and particulars that has effectively little or no practical utility, but agree that for procedural oppositions, there is no logical or practical reason why the statement should not be due at the same time as the notice of opposition.

36. The proposal seeks to strike a sensible middle ground between these various views.

## 3.4 *Procedural oppositions—periods for providing evidence*

37. The patents legislation sets out statutory time periods for parties to provide evidence in an opposition. The existing statutory evidential stages in an opposition are as follows:

- the opponent's evidence in support—due within 3 months of the statement of grounds and particulars
- the applicant's evidence in answer—due within 3 months from the evidence in support
- the opponent's evidence in reply—due within 3 months from the evidence in answer
- further evidence—either party can seek leave to serve further evidence at any time (but see proposal 3.9 below).

38. For procedural oppositions, evidence is not always required or relied on. As such, there is often no benefit gained from these statutory periods for lodging evidence. They tend to be inconsistent with the aim of a relatively fast opposition, protracting proceedings for no resulting benefit.

39. A key concern relates to oppositions to amendments proposed during substantive oppositions. Although evidence is rarely required in order to make out a case to oppose amendments, the substantive opposition is nevertheless delayed for some months while the evidential periods play out.

40. To address this, IP Australia proposes the following change:



### 3.4 Proposed change

- The existing statutory evidential stages would not apply to procedural oppositions.
- Evidential periods in procedural oppositions would be determined on a case-by-case basis by directions given by the Commissioner.

41. This proposal is restricted to evidential periods for procedural oppositions, in which evidence is not routinely required, giving flexibility to reduce the timeframe for evidential periods in such oppositions.

### 3.5 Substantive oppositions—period for serving evidence in support

42. For substantive oppositions to standard patents, the opponent's evidence in support must generally be served on the applicant within 3 months after the statement of grounds and particulars has been served.<sup>17</sup> As a result, the usual timeline is as illustrated in [Figure 2](#) on page 22. As a result, the evidence in support is not due until 6 months after the notice of opposition, and 9 months after the initial advertisement of the opposed action.

43. IP Australia is concerned that this timetable unnecessarily protracts the opposition proceedings. Commencing the 3-month period for serving evidence in support only after the statement of grounds and particulars is served amounts effectively to an *additional* 3 month period for the opponent to prepare and serve the evidence. This is noting that the opponent has already had several months since acceptance of the application was advertised, and so brought to their attention. As a result, many months pass before an applicant has a clear idea of the case that will be made out against them.

44. To address this concern, IP Australia proposes the following change:

### 3.5 Proposed change

- For substantive standard patent oppositions, the opponent's evidence in support would be due within 3 months after the date of filing of the notice of opposition, rather than 3 months after the date of the statement of grounds and particulars.

45. This proposal would require that evidence in support is provided within the same time frame as the statement of grounds and particulars. This would include declaratory evidence as well as any physical exhibits.

46. This proposal is illustrated graphically in [Figure 2](#) on page 22.

---

<sup>17</sup> For an opposition to an innovation patent, the opponent's evidence in support must be served at the same time as the statement of grounds and particulars. IP Australia does not propose that this should change.



47. Note that under proposal 3.8 below, it would be possible for the opponent to seek a direction from the Commissioner extending the period for providing evidence in support. Such a direction would *not* extend the period for serving and filing the statement of grounds and particulars.

48. This proposal would give the applicant the benefit of viewing the evidence in support at an early stage in the opposition process. In the case that the statement and evidence reveal a strong or a weak enough case—this proposal could even lead to early resolution of an opposition by the applicant withdrawing or amending the opposed application or by the opponent withdrawing the opposition.

49. It would also avoid the need for the applicant to obtain documents that are already known to the opponent, and particularised in the statement of grounds and particulars, but not yet provided. This would reduce costs for the applicant.

### **3.6 Notices that parties will not rely on evidence**

50. In a trade marks opposition, applicants and opponents are able to provide a notice that they do not intend to rely on evidence. In some cases, this permits proceedings to be expedited. For example, such notices may truncate the evidence timetable that would otherwise apply. When such a notice is provided, there is no need to await expiry of the 3-month period that is otherwise available for providing the evidence. This can facilitate a more expeditious resolution in some cases.

51. There are no similar provisions in the Patents Regulations. To address this, IP Australia proposes the following change:

#### **3.6 Proposed change**

- Where a party does not intend to rely on evidence in the opposition, it would be able to serve a notice to that effect.

52. The new procedural step would be completely optional—if parties choose to rely on evidence, there would be no need to serve a notice.

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

53. A patent opponent is currently required, within 1 month of the applicant's evidence in answer, either to serve its evidence in reply, or to serve a notice of intention to serve evidence in reply. The requirement to serve this notice was originally intended to speed up the opposition process, making it clear at an earlier stage whether or not evidence in reply was to be provided: evidence in reply is not always relied on.

54. There are two problems with the evidence in reply provisions.

55. The first problem is that the requirement to serve a notice of intention further complicates opposition proceedings by adding an additional procedural step, without significantly reducing the length of proceedings.



56. The second problem is that the current 3 month period to serve the evidence in reply is not justified by the nature of that evidence, again tending to protract proceedings unnecessarily. By the evidence in reply stage, the opposition proceedings have been running for some while: 12 months from the filing of the notice of opposition, and longer if any extensions of time have been granted. The scope of evidence in reply is quite narrow, being limited to responding to the applicant's evidence in answer. Therefore this 3-month period appears excessive.

57. To address these concerns, IP Australia proposes the following changes:

### **3.7 Proposed change**

- The requirement to serve a notice of intention to serve evidence in reply would be removed.
- The period for serving evidence in reply would be reduced to 2 months from the date of service of evidence in answer.

58. This 2-month period for evidence in reply is illustrated in [Figure 2](#) on page 22.

### **3.8 Extensions of periods for providing evidence**

59. A major cause of protracted opposition proceedings is extensions to the periods for providing various stages of evidence.

60. The current provisions for extending evidential periods were intended to give the Commissioner discretion to disallow requests for extension where appropriate. However, the law has developed in such a way as to significantly narrow the Commissioner's discretion to disallow extensions. This has substantially reduced the Commissioner's power to conduct oppositions expeditiously by controlling the length of the evidentiary process. It has been alleged that some parties are using the extension of time provisions to strategically delay the determination of oppositions. If so, then under current provisions, the Commissioner has little power to address this tactic, to the detriment of the other party and of the general public.

61. To properly manage oppositions, the Commissioner requires the power to manage time frames within the opposition process. This includes the power to grant extensions when these are necessary in order to ensure that a serious opposition is decided on its merits and to ensure that an invalid patent is not granted. It also includes the power to refuse to grant extensions when this would be to the detriment of the other party or of the general public.

62. To address these concerns, IP Australia proposes the following changes:



## 3.8 Proposed change

- The existing opposition extension-of-time provisions would be repealed.
- Any extension of the periods to serve evidence would be by direction of the Commissioner.
- The Commissioner would be able to direct that a period to serve evidence in an opposition be extended only if he or she is satisfied that:
  - (a) 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
  - (b) because of some other compelling circumstance, he or 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 direction would bear the onus of convincing the Commissioner of this.
- In applying this test, a party would *not* be able to obtain an extension as a result of delays caused by an agent or a legal representative such as a patent attorney or legal practitioner: all such persons would be expected to act promptly and diligently at all times after the proceedings commence.

63. Limb (a) of the proposed test is intended to cover situations in which the statutory time periods are simply not long enough to prepare and serve evidence in the opposition, despite the party having acted promptly and diligently throughout. For example, this limb might cover situations such as when an expert witness cannot be obtained despite prompt and strenuous attempts to find and engage one, or *force majeure* situations.

64. If a party seeks a direction extending an evidential time period under this limb, and wishes to support a claim that they had acted promptly and diligently, they would be expected to provide whatever evidence they *have* managed to prepare to date. For example, if documents are particularised in the statement of grounds and particulars, or if *some* declaratory evidence has been finalised, the party would be expected to provide that evidence when requesting the extension.

65. Limb (b) of the proposed test is intended to cover other situations in which the Commissioner is satisfied that there is a compelling reason to give a direction extending the period to serve evidence. Directions under this limb would not be given lightly. Compelling circumstances might include, for example, permitting an extension of the period for the opponent to serve evidence in support if the applicant had proposed amendments to the patent specification that the Commissioner considered might overcome the grounds of opposition. The proceedings might be more efficiently resolved by the Commissioner giving a direction to extend a period to serve evidence while those amendments are processed. Such an extension would be given under this limb, and would have the effect of temporarily suspending the proceedings. Conversely, however, it would *not* be an



appropriate use of limb (b) to extend the period for the applicant to service evidence in response while proposed amendments were processed. It would be up to the applicant to propose the amendments early enough to avoid the need for such an extension.

66. In applying the proposed test, the Commissioner's overriding consideration would be in achieving a swift and efficient resolution of the proceedings. Parties would be expected to assist by acting promptly and diligently at all times after the proceedings commence. If they do so, and are able to demonstrate this, then evidential periods may be extended as appropriate. If they do not, extensions would be difficult to obtain.

67. The Commissioner is currently able to give a range of directions for the conduct of opposition proceedings, to enable greater control over the conduct of an opposition. They may be initiated by the Commissioner, or given at the behest of one of the parties. Directions can be given for a wide variety of reasons, and some directions tend to protract proceedings, for example, directions to suspend an opposition proceeding pending some other event.

68. For procedural oppositions, the Commissioner would exercise wide powers to issue directions, including specifying when evidence is required to be provided: proposal 3.4 above. However, for substantive oppositions, directions could *not* be given which would circumvent this proposal.

69. In the case of parties seeking a suspension to negotiate a settlement of the opposition, the Commissioner would not be empowered to give a direction extending periods. The burden should be on the parties to negotiate early, and in good faith.

### 3.9 Further evidence

70. Even after completion of the evidentiary stages, parties are currently able to seek leave at any time to serve further evidence. The ability to serve further evidence outside the statutory evidential time table is one means of ensuring that a serious opposition is decided on its merits. But it can also cause significant delays in an opposition, and can introduce procedural complexity.

71. IP Australia is concerned that the further evidence procedures tend to unnecessarily protract oppositions.

- Further evidence can be provided at very late stages of proceedings, such as at a hearing or even afterwards. This can be severely detrimental to expeditious resolution.
- Experience has shown that it is rare for further evidence to be crucial to the outcome of an opposition. Nevertheless, a statutory procedure must be followed in each case that a party wishes to rely on further evidence, which adds administrative costs and causes unproductive delays—the administrative burden of the procedural steps involved in handling applications to serve further evidence tends to outweigh any benefits of those procedures.
- As with extensions of time, the discretion to refuse further evidence appears to have become quite narrow, despite the fact that, upon consideration, the evidence frequently does not assist in resolution of the proceedings.
- IP Australia is concerned that too broad a discretion to admit further evidence may take parties' focus away from the necessity of adhering to the statutory periods for providing evidence.



- Finally, the further evidence provisions would require consequential changes under proposal 3.8 above in any event. If the provisions for extending periods for serving evidence are tightened up, a likely consequence would be more attempts by parties to rely on the further evidence provisions, unless these were also tightened up.

72. There is an alternative means by which the Commissioner is currently able to consider information which is in the possession of IP Australia. There is a general power for the Commissioner to inform himself or herself of a fact by reference to any document available in the Patent Office—regulation 5.11 of the Patents Regulations. Before relying on this provision, the Commissioner must:

- notify the parties and give them access to the document
- give the parties an opportunity to give evidence or make representations with respect to the document.

73. This power is discretionary—the patents legislation does not provide parties with a right to urge the Commissioner to make use of this power.

74. To address concerns with the further evidence provisions, IP Australia proposes the following change:

### 3.9 *Proposed change*

- The further evidence provisions would be repealed.
- Parties would be able to provide any document they desire to IP Australia at any stage—however, they would not be entitled to serve this information as ‘further evidence’ in an opposition.

75. The aim of this proposal is to expedite oppositions by ensuring that all evidence to be considered in an opposition is provided during the statutory periods (or those periods as extended according to proposal 3.8 above).

76. Evidence provided outside these periods would generally *not* be part of the opposition process. Where evidence was provided outside the statutory period, the Commissioner would consider this evidence and decide on the most appropriate action, bearing in mind that the primary focus of this proposal is on reducing delays in the opposition process.

- If the Commissioner considered that the evidence was of relevance to the validity of a patent, the Commissioner could consider the evidence outside the opposition process, for example, as the basis of a re-examination of the patent application.
- The Commissioner would have discretion to consider the evidence during the opposition, if he or she considered that to be more appropriate. However, it is not expected that this would be a frequent occurrence. In this case, the existing procedure under regulation 5.11 of the Patents Regulations would be followed.
- If the Commissioner considered that the information would not affect the validity of the patent, he or she would give it no further consideration.



### 3.10 Production of documents or articles, summoning of witnesses

77. The Commissioner has powers to compulsorily summon witnesses and require production of documents or articles. In recent years, IP Australia has received a growing number of requests for exercise of these powers, usually from parties to opposition proceedings. It can be a criminal offence for a person to fail to produce documents or articles, or to fail to comply with a summons. Additionally, it can be an offence if a person who appears before the Commissioner refuses to give evidence.

78. IP Australia's experience has been that documents or articles produced under these requirements are often not particularly relevant, and that the provisions tend to delay oppositions with no accompanying benefit.

79. One source of delay is that, under the existing provisions, it can be difficult for the Commissioner to resist exercising these powers when asked to do so by a party. This causes potential delay to the proceedings and expense to the parties, who are obliged to comply with the Commissioner's requirement.

80. This would be less of a problem if the documents or articles produced under the requirement were of relevance to the outcome of the proceedings. But this is often not the case.

81. A major cause of this problem is that the Commissioner is not currently required to be satisfied that the documents requested are *actually* relevant to the opposition—he or she is obliged to require production of documents or articles if the material sought to be produced is merely *arguably* relevant to the issues before the Commissioner. The Commissioner is able to reject a request that is fanciful or purely speculative, but otherwise is generally required to comply with the request. This test obliges the Commissioner to require production of a range of documents or articles which are not particularly relevant to the proceedings, which generally do not assist in resolving the matter, but which can put the other party to expense and can delay resolution of the opposition.

82. Another source of delay comes from dealing with jurisdictional challenges that are, from time to time, made to the Commissioner's powers.<sup>18</sup> Such challenges add procedural delay and costs, and have the potential to undermine the operation of the provisions.

83. In reconsidering these provisions, IP Australia has also questioned the appropriateness of the criminal sanctions which accompany the Commissioner's powers. IP Australia considers that an administrative sanction expressly permitting the Commissioner to take any non-compliance into account adversely to a party would be more appropriate. Such a sanction would be a stronger means of enforcing compliance with the Commissioner's powers, and would have a more direct impact on the proceedings before the Commissioner.

84. To address these concerns, IP Australia proposes the following changes:

---

<sup>18</sup> For example, it has been alleged that the Commissioner's powers do not extend to parties who are located overseas: *Arakis Ltd v. Media Pharma GMBH & Co KG* [2008] APO 34 (16 December 2008). However, the Commissioner was not required to decide this issue in the decision.



## 3.10 Proposed changes

- The Commissioner would only be able to exercise the powers to summon witnesses or require production of documents or articles if he or she was 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.
- The Patents Act would be amended to put beyond doubt the powers of the Commissioner to require production of documents or articles from, or summon witnesses who are, parties directly involved in the proceedings before the Commissioner, whether or not those parties are within Australia.
- The existing criminal sanctions for non-compliance would be repealed.
- A new non-criminal sanction for non-compliance would be introduced, 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
  - to refuse to give evidence when appearing as a witness.

85. Some parties might anticipate that the new test might impact on them unfavourably, in that it might prevent them from obtaining information which is potentially relevant to a proceeding before the Commissioner. This is not a significant risk. Under the proposed test, the Commissioner would be able to require production of documents that would contribute to resolution of a matter, and only such documents. This would tend to admit relevant documents and restrict documents which are largely irrelevant.

86. The Registrar of Trade Marks and the Registrar of Designs have similar powers, with similar sanctions, under the *Trade Marks Act 1995* and the *Designs Act 2003* respectively. Similar amendments are proposed to those Acts.<sup>19</sup>

## 3.11 Summary of submissions

87. Summaries of submissions can be an important feature of the hearing process. They permit the matters of contention between the parties to be narrowed and focussed, and can help the hearing officer to be appropriately prepared. This has the potential to permit a swifter and more efficient opposition process, to the benefit of all participants.

88. At present, the Commissioner requests submissions to be provided prior to a hearing. However, sometimes they are either not provided, or are provided too close to the hearing date to be of much assistance. There can be disputes as to whether summaries may be released to other parties.

89. To address this, IP Australia proposes the following changes:

---

<sup>19</sup> See the IP Australia consultation paper 'Resolving trade mark opposition proceedings faster' at [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au).



## 3.11 Proposed changes

- Parties appearing before the Commissioner would be required to provide a summary of submissions prior to the hearing.
  - For the opponent—the submissions would be required to be filed and served on the other party at least 5 business days before the date set for the hearing.
  - For the applicant—submissions would be required at least 2 business days before the hearing.
- Each party would serve its submissions on the other party: IP Australia would not be responsible for doing this.
- These time periods could not be extended. Failure to comply would be a matter that may be taken into account in any award of costs.

90. This proposal is illustrated graphically in [Figure 3](#) on page 22. This proposal reflects the fact that, at the hearing, the opponent usually presents its case first, and the applicant responds to this. So the proposal requires the opponent to provide its summary submissions first, and gives the applicant a short while to prepare and provide its summary response.

91. IP Australia has considered introducing a fee to encourage compliance with the obligation, but does not favour this option due to the complexities of implementing it. Nor would adjournment be an effective sanction, as it would frustrate the aim of expediting proceedings. Specifying a page limit for summary submissions is not proposed due to the added complexity involved in enforcing such a requirement. Instead, overly long submissions could be dealt with in other ways, for example, through appropriate costs orders.

## 3.12 Amendments directed by the courts

92. Decisions of the Commissioner in relation to a patent opposition are appealable to the Federal Court of Australia, as are some other decisions of the Commissioner. The Federal Court is able to affirm, reverse or vary the Commissioner's decision.

93. After a successful or partly successful opposition, the Commissioner sometimes gives a patent applicant an opportunity to amend the application. For example, even if the application does not validly claim a patentable invention, it might be possible to craft valid claims on the basis of what has been disclosed in the application.

94. There are two problems relating to appeals of decisions of the Commissioner, principally related to how amendments are dealt with under such appeals, which are of concern to IP Australia.

95. The first problem is as follows. When an applicant proposes such amendments, there has been some doubt whether the Federal Court is able to consider the appeal on the basis of the amended specification, or whether it has to consider the form of the specification that was considered by the Commissioner, prior to the amendments. Recent case law indicates that the Court is restricted to the latter. This gives rise to inefficiencies in determining appeals of decisions of the Commissioner, and can protract a final resolution of the matter. It would be more practical and efficient if the Court was able to consider an amended specification—the fact that an applicant has proposed amendments



indicates a lack of interest on the applicant's part in pursuing the specification in its form prior to amendment.

96. The second problem is as follows. There has been conflicting case law in relation to whether the Court is able to direct that a patent application be amended during an appeal. Giving the Court such a power would streamline the appeals process, and would effectively mean that the court could consider the entire appeal, without referring the matter back to IP Australia to consider amendments. This would be similar to the court's existing power to direct amendment of a patent, and would permit appeals to be dealt with in a less costly and more expeditious manner.

97. To address this, IP Australia proposes the following changes:

### **3.12 Proposed change**

- The Federal Court would be given 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.
- On an appeal of the Commissioner's decision, the Federal Court would be able to consider any amendments that may have been proposed or made to a specification or patent request since the Commissioner's decision.
- The Commissioner would not be able to deal with a request for amendment to an application for a patent while an appeal of the Commissioner's decision in relation to the application is pending before the Federal Court. Any such amendments would have to proceed before the court under its proposed new power.

98. Some stakeholders might be concerned that opponents would, immediately after a hearing decision issues, file an appeal in order to prevent the applicant from proposing amendments before the Patent Office. This would be unlikely to be a common tactic, given the expense of such court proceedings and the potential for an adverse costs order.



## 4. Questions for Consideration

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

1. Do you agree in principle with the proposals outlined in this paper?
2. Do you think that the formulations put forward in this paper are the best solutions?
3. Proposal 3.11 above proposes time limits for supplying summary submissions, and proposes a sanction for not supplying submissions within these time limits. The proposal also considers some alternative sanctions that have been discussed previously with stakeholders.
  - (a) Are these time periods suitable for an opposition, or should they be longer or shorter?
  - (b) Do you have any other suggestions for a suitable sanction?
4. The current statutory periods for providing evidence in an opposition are each 3 months. These are capable of extension in limited circumstances.

Are these statutory periods appropriate within a patent opposition, or ought they to be longer or shorter?

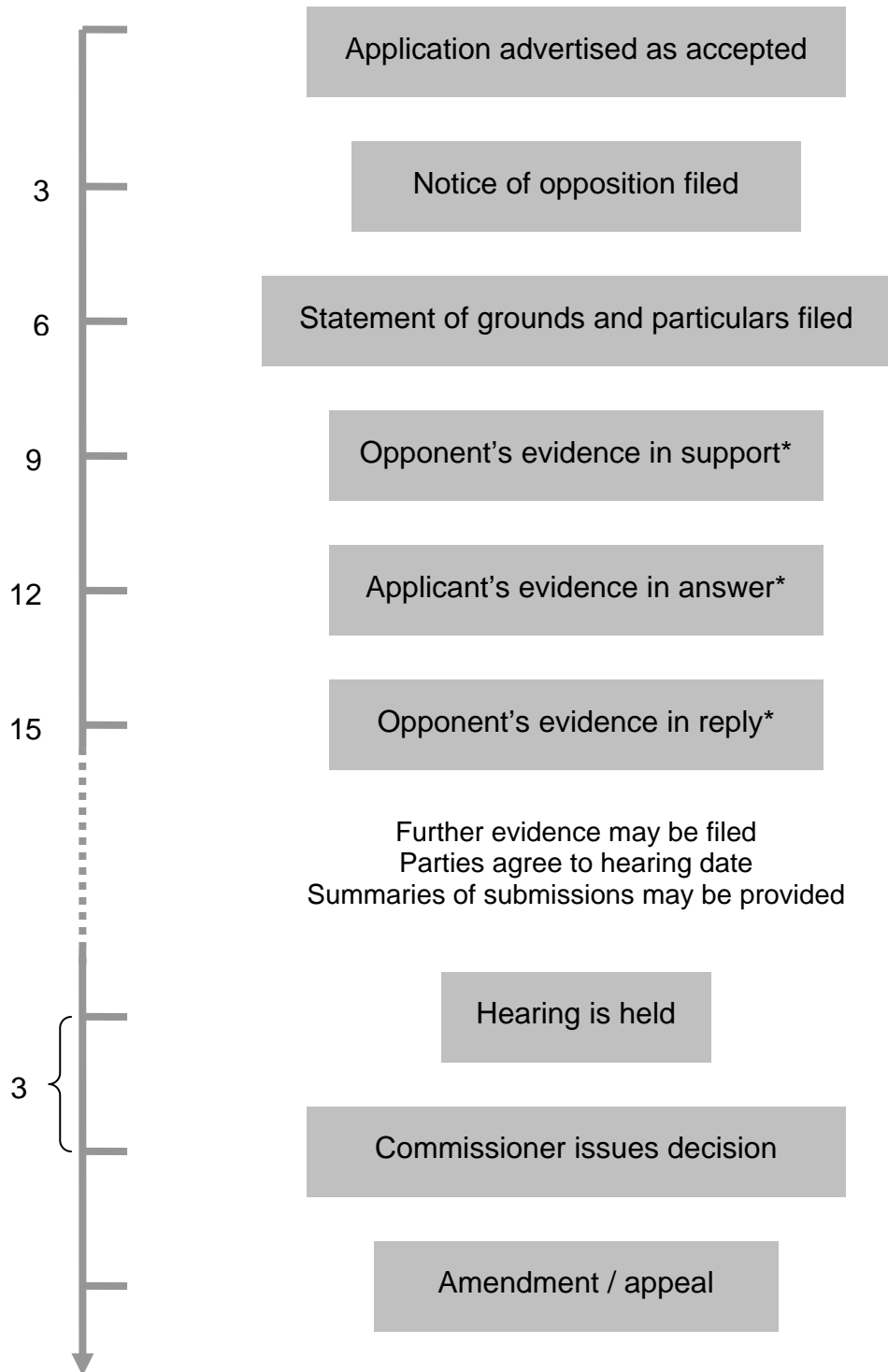
In each case, please provide reasons and support for your answers.



## Figures

Figure 1: Typical steps in substantive opposition to grant of a patent

months

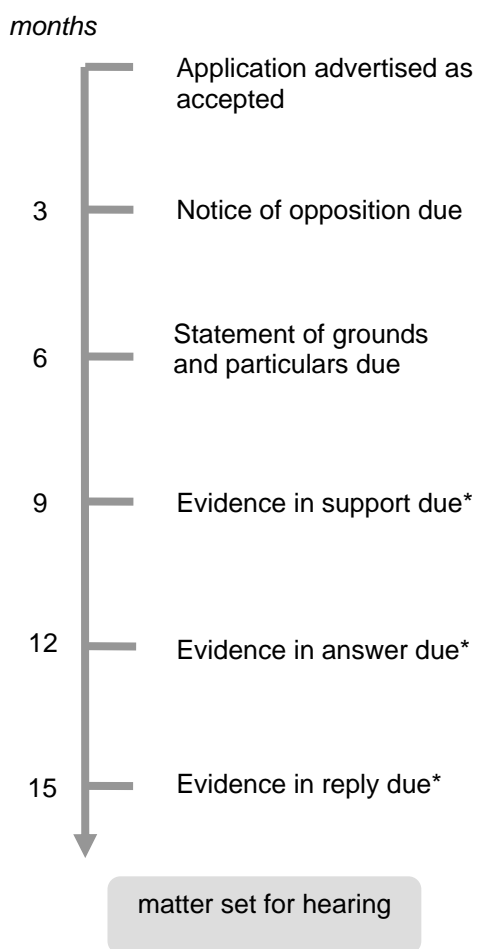


# Resolving Patent Opposition Proceedings Faster



Figure 2: Proposal for commencement of period for providing evidence in support—substantive opposition

## Existing process



## Proposed process

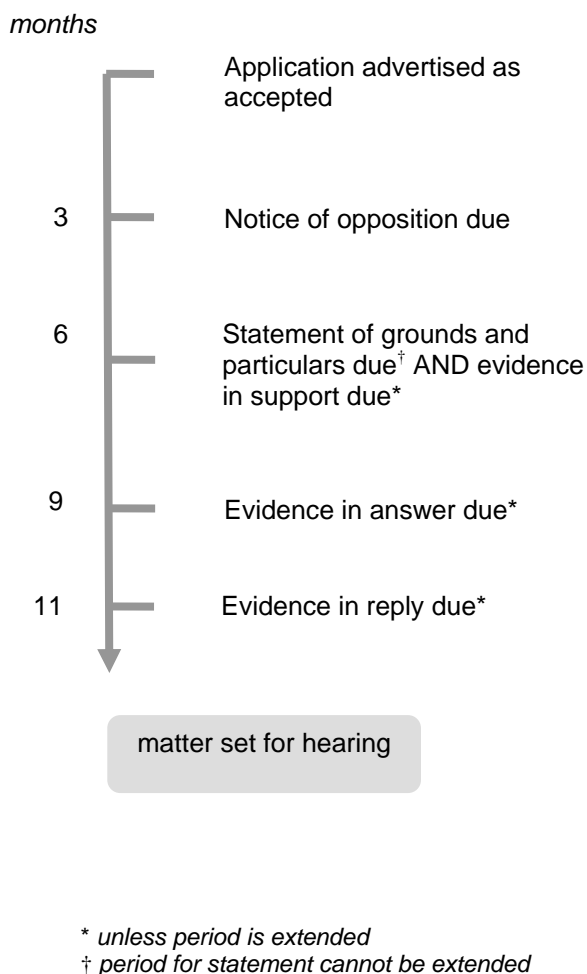


Figure 3: Example of operation of summary of submissions proposal—hearing due to be held on a Thursday business days

