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Public Consultation: Proposals to streamline IP processes and support small business

IPTA refers to the IP Australia Paper entitled "Public Consultation: Proposals to streamline IP processes and to support small business" (Public Consultation paper) of February 2015 and thanks IP Australia for providing IPTA with the opportunity to make submissions.

About IPTA

The Institute of Patent and Trade Mark Attorneys of Australia (IPTA) is a voluntary organisation representing registered patent attorneys, registered trade mark attorneys and student members in the process of qualifying for registration as a patent or trade mark attorney in Australia. The membership of IPTA includes over 87% of registered patent attorneys located in Australia and it is believed that its members make up more than 90% of registered patent attorneys in active practice in Australia. The membership of IPTA includes registered patent attorneys in private practice as well as patent attorneys working in industry and others that practice as barristers. IPTA members represent large local and foreign corporations, SME's, Universities, Research Institutes and individual inventors.

Brief summary of IPTA's position

IPTA commends IP Australia on the majority of the proposals and is broadly in support of the initiatives put forward to streamline IP processes and support small business, subject to the specific comments set out below.

In respect of trade marks, IPTA has a number of specific comments. This is because trade marks is a field which has different considerations to other IP rights for a number of reasons including: that the right does not expire after a defined period, it is closely associated with common law rights such as passing off, and it is the subject of an International Registration system which can influence how IP Australia modifies the regime.

The Public Consultation Paper

The Public Consultation Paper sets out 22 areas where it is considered that initiatives can be taken to reduce red tape. In each case a number of options are discussed, and in most cases a conclusion is drawn as to which of the options is preferred and a proposal is put forward. In many cases, IPTA is in agreement with the proposal put forward in the Public Consultation Paper. In these cases, IPTA have summarised the proposal and briefly indicated agreement with supporting comments where necessary. In other cases, a more detailed discussion is required and the options are explored in-depth.

Aligning and simplifying

Proposal 1: Aligning Renewals

The Public Consultation document considers a variety of options in respect of aligning the regimes for renewal fee payments between the four IP registration systems. After considering the options, the proposed approach is to align the payment of renewal fees for patents, trade marks, designs and plant breeders' rights, providing a general six month grace period for renewal payments, and clarifying that the rights remain "live" during the grace period and cease at the anniversary if the fee is not paid. To implement this proposal the main changes required will be the introduction of a grace period for plant breeders' rights, and amendment of the Patents and Designs Acts to clarify that the rights can be infringed during the grace period. IP Australia also proposes to limit the payment of renewals to 12 months before the renewal date and cease their current practice of issuing renewal reminders to trade mark owners who are represented by IP professionals.

IPTA is generally comfortable with most of these proposals subject to the comments below.

IPTA continue to believe that IP Australia should allow patentees of extended pharmaceutical patents to pay renewals in advance. These patents cover pharmaceutical products which have been approved for marketing in Australia, and therefore these patents are particularly valuable to their owners and licensees. The concerns expressed in relation to the maintenance of patents on the Register which are no longer valuable to their owners do not apply to these patents, and for this reason there should not be any downside to allow patentees to pay renewal fees in advance. The ability to do this certainly gives patentees the comfort that the patent will not lapse due to an unintentional omission to pay an annuity, and also reduces the administrative burden, and associated costs, in relation to monitoring and paying the renewal fees.

IPTA is also of the view that there is a discrepancy between the concept that IP Australia should set their fees based on the costs of the services provided when there is a distinction drawn between the level of service provided to represented and unrepresented applicants.

In respect of trade marks, IP Australia has indicated that rights owners who have paid renewal fees in advance do not relinquish rights that are no longer of commercial value to them. It should be noted that this is not relevant for trade mark rights which can last indefinitely.

Proposal 2: Re-examination/revocation

The Public Consultation document seeks to align the re-examination/revocation procedures for the 4 IP registration systems. The proposed approach is to introduce re-examination processes for trade marks, designs and plant breeders' rights which are aligned with the current patent re-examination process, while still accounting for the important differences between the rights. It is also proposed that the patent re-examination process would be amended to allow multiple examination reports, introduce a six month time limit for completion of re-examination, and allow third parties who have requested re-examination to participate in a revocation hearing.

IPTA is generally comfortable with this proposal as it relates to patents, designs, and plant breeder's rights but believes that a six month period for completing re-examination in patent matters may be too short in some circumstances. For this reason we submit that an extension period or periods should be considered, particularly when there is a delay in issuing examination reports in the process.

In respect of trade marks, on balance, IPTA believe that the proposed changes, particularly for post registration re-examination will lead to greater uncertainty and/or undermine the value of a trade mark registration, particularly in the first year after registration.

Notwithstanding the above, if IP Australia does proceed with this scheme, then IPTA makes the following submissions and requests clarification on certain items:

- 2.1 Re-examination of a pending application should not be discretionary and a fee should be payable. Under the current regime, the Registrar must consider a request for revocation for acceptance.
- 2.2 Will it be possible for a third party to request re-examination where an application has not yet been accepted? For example, where a third party has obtained a copy of an examination report and believes a particular objection (for example a section 41 or section 44 objection) should have been raised?
- 2.3 In addition or in the alternative, IP Australia may consider the procedure followed in the UK whereby third parties may file "observations" in relation to examination of a pending application. Under this system the observer is not a party to the proceedings.
- 2.4 IP Australia should clarify that an opportunity to be heard by the owner and the interested party is only available where an application or registration is proposed to be revoked. An opportunity to be heard should be not available in cases where re-examination does not result in a proposed revocation of acceptance, to avoid the possibility of the applicant facing two hearings on the same issues – one at the re-examination stage and another during opposition.
- 2.5 IP Australia should clarify what documents a third party requester must and can file in order to request re-examination. For example, on requesting re-examination, does the third party have the opportunity to file submissions, evidence, or other materials in support of re-examination?
- 2.6 Will it be possible for the same party (or an unrelated third party) to request re-examination of a registration following an unsuccessful opposition to the same mark?
- 2.7 Who will re-examine the application/registration? Will it be the same Examiner, another Examiner in the same team, or a team leader?
- 2.8 at page 23 of the Public Consultation Paper, it is stated that imposing a fee for post registration requests would discourage inappropriate requests such as those relating to reputation and bad faith. However, these issues can only be ventilated at opposition – they are not grounds for rejection at examination. IP Australia should confirm that during re-examination, only grounds for rejection which arise at the examination stage can be considered.

Proposal 3: Extensions of time

In the Consultation Paper, various options are considered in connection with Proposal 3 under the three headlines: "A. Alignment and complexity"; "B. Balancing the interests of all parties"; "C. Administrative Burden". The Consultation Paper then proposes a combination of a number of options under these headlines as follows:

- A2 – Align PBR extensions with those for patents and for a wider range of actions
- A4 – Specify the grounds for the "special circumstances" extension in the trade marks legislation and align circumstances beyond control across the rights
- A5 – Allow extensions of time for renewal grace periods but not renewal dates, for all IP rights

- A6 – Make the ‘despite due care’ extension available for all IP rights and have no limit on the period of the extension
- B2 – For all rights, limit the ‘error or omission by applicant/owner’ extension to 12 months
- C2 – Streamlined process for short extensions of time
- C3 – Simplify and align fees
- C4 – Make all extension of time non-discretionary.

Table 5 of the Consultation Paper summarises the proposal.

IPTA does not intend to provide any comment or make any submissions insofar as the proposal encompasses Options A1, A4, A5, A6 (except insofar as it refers to B2), and C3.

Insofar as there are particular issues that relate to trade marks, they are discussed in relation to proposal 14.

The following submissions address Options B2, C2 and C4.

I. Options B2 – For all rights, limit the “error or omission by applicant/owner” extension to 12 months.

IPTA submits that this proposal is unjustified and unnecessary in proposing to introduce, for the first time in relation to Section 223 (or its predecessor, Section 160 of the Patents Act 1952), a limit on the period of time for an extension on the “error or omission” grounds.

On page 29 of the Consultation Paper, it is noted that “(L)ong extensions can be obtained for errors or omissions by applicants and owners”, and the paper states that, based on IP Australia estimates for patents, 13 % of such extensions are for a period greater than 12 months. Clearly, these extensions would not be available under Option B2, indicating that in a significant number of cases (13 %), the applicant or owner would not be able to obtain redress where an error or omission had occurred. In this regard, it is also pointed out that the very nature of an error or omission means that it might not come to light for a considerable period of time after the error or omission has occurred, meaning that the question of whether or not an extension of time was available could depend solely on whether or not the error or omission was discovered within 12 months or not. We further note that the long time frames associated with the prosecution of patents means that 12 months can pass without any activity on a particular file, which would mean that, even in the normal course of business, an error or omission may not be identified.

It is also emphasised that although the proposed Option A6 would not limit the period of a “despite due care” extension, it is quite clear (and acknowledged in the Consultation Paper) that the “despite due care” extension provision is of narrower scope than the “error or omission” provision, and will only be applicable in limited circumstances.

The Consultation Paper also asserts on page 29 that “(Long) extensions create uncertainty and opportunity costs for third parties who want to know their freedom to operate”. The Paper does not provide any supporting evidence of any such uncertainty, and IPTA is not aware of any significant concern or complaint in this regard.

The Paper also suggests that “third parties have to make difficult and potentially costly choices” where the status of an IP right “is not resolved for a long period”. IPTA considers that it is quite surprising that the Consultation Paper makes no reference whatsoever to Sections 223(9) and 223(10) of the Patents Act which are long-standing provisions for the protection of the rights of third parties in cases where a patent application has lapsed or a patent has ceased, and an extension of time has subsequently been granted to restore the application or patent. Similar provisions are, of course, also contained in other IP Acts, such as Sections 139 and 140 of the

Designs Act. IPTA considers that there is no evidence that these provisions have been inadequate in protecting the rights of third parties in these circumstances.

Also on page 29 of the Consultation Paper it is suggested that "(I)t is arguable that long extensions should not be available simply because the applicant or owner made an error or omission". This bald statement is not supported in any way; in particular, no justification is provided for a proposal to change the current provision where there is no limit on the period of time for which an "error or omission" extension of time can be granted to one where an arbitrary limit of 12 months is imposed.

Page 32 of the Consultation Paper suggests that Option B3 "would provide a better balance between the interests of applicants and owners and those of third parties". Quite apart from the fact that the Paper ignores the provisions such as Sections 223(9) and 223(10) of the Patents Act (as noted above), the Paper also fails to take into account the fact that limiting the period for an "error or omission" extension to 12 months is likely to mean that in a significant number of cases (13 %, see earlier), patent rights will be forever lost unintentionally when someone involved in filing, prosecuting or maintaining the rights misses a deadline through error or omission. Unlike trade marks, where applications can be refiled, missing a deadline for taking an action in respect of a patent or a patent application can lead to complete loss of rights in the invention with no opportunity to refile. In view of the high value of many patents, this can lead to significant financial loss. The position is similar with regard to design rights.

It is also clear from experience in other jurisdictions where extensions of time are based on a "despite due care" standard that this has increased the costs for patent attorneys running their practices and, consequently, the cost for their clients. In this regard there are many processes actions and steps in connection with the handling of IP rights within patent attorney firms that can be carried out by secretaries, clerks, paralegals and administrative assistants. While the staff involved are generally highly responsible and reliable, mistakes can occur which can result in missed deadlines. In some jurisdictions an error made by such a person would never meet the despite due care standard because due care involves a registered patent attorney handling every step. To require this level of handling within patent attorney firms in Australia would have the effect of substantially increasing the costs for applicants and patentees. It is also evident in many jurisdictions that the assessment of the despite due care standard does not take into account to a sufficient extent the desires and objectives of the rights holders who have appointed a respectable IP firm to handle the filing and prosecution of their applications. Recognition of this problem, a problem which does not arise under current s223, lead to the adoption of specific resolutions by FICPI during its ExCo meetings in Cape Town, South Africa in 2011 and Sorrento, Italy in 2013. Copies of these resolutions, which IPTA fully support, can be found at <http://ficpi.org/library/resolutions/>.

The Paper acknowledges on page 32 that under Option B2 there is a risk "that some applicants and owners may lose their IP rights because they are unable to meet the higher threshold" (of the despite due care" extension provisions). However, IPTA submits that the Paper does not justify the proposed change which would unnecessarily lead to such a risk arising, particularly where loss of IP rights is the possible result.

Accordingly, IPTA submits that Option B2 should not be adopted, and that there should be no time limitations for "error or omission" extensions.

II. Option C2 – Streamlined process for short extensions of time.

The "problem" arising from short extensions of time, presumably those seeking an extension of three months or less, as set out on page 30 of the Consultation Paper, is that a significant number of these extensions "involve a disproportionate amount of administrative work for customers and IP Australia".

Accordingly, Option C2 proposes a “streamlined” process for all extensions of time other than those due to error or omission by IP Australia; that requests for extensions of three months or less would follow a process whereby IP Australia would grant an extension of time without assessing the supporting declaration or other evidence, and the granted extension would be advertised with a period of one or two months provided for other parties to object and request revocation of the extension. If an objection was lodged, IP Australia would then assess the supporting evidence and consider revoking the extension.

In the first place, IPTA submits that in the majority of cases the proposed “streamlined” process would not significantly reduce the amount of administrative work for “customers” since all the work involved in seeking an extension of time under the current process, including preparation of supporting evidence, would still need to be carried by or on behalf of, the relevant applicant or owner.

More importantly, however, IPTA considers that the proposal needs to spell out whether or not an extension of time could be challenged at any later time if no objection was lodged within the initial one to two months “opposition” period. If the extension was still open to a later challenge, this would be a matter of considerable uncertainty to the relevant applicant or owner.

Accordingly IPTA submits that if Option C2 is adopted, this proposal needs to be modified to make it clear that after the “opposition” period has expired, the granted extension of time would not be susceptible to later revocation action.

III. Option C4 – Make all extensions of time non-discretionary

Under this option, the Commissioner or Registrar would be required to grant all extensions where the relevant criteria have been satisfied. It is asserted on page 35 of the Consultation Paper that this option “would clarify and simplify the decision making process” and “increase certainty about whether extensions will be granted”.

On page 30 of the Consultation Paper it is suggested that “(T)he basis for IP Australia’s decisions on the discretionary aspect of extensions of time is complex and not clearly set out in the legislation case law or procedural manuals”. IPTA disagrees. Although there is no identification of the footnote numbered “65” on page 30 of the Paper, IPTA does not consider there is any undue “administrative burden” on IP Australia, or more accurately the Commissioner or her Delegate, when deciding whether to apply the discretion in connection with requests for extension of time on patent matters. By way of example only, IPTA refers to the recent decision of the Delegate of the Commissioner in the matter *Fletcher Insulation Pty Ltd v Anton Brandt Buenemann* [2015] APO 10 (13 March 2015), where the Delegate clearly set the relevant factors to be considered in the exercise of the Commissioner’s discretion, referring to the relevant case law and precedent decisions of the Commissioner. It is clear that the Delegate was able to consider these factors without any difficulty in exercising the discretion as to whether or not to grant the extension of time which had been requested.

IPTA also submits that the relevant factors as identified and considered by the Delegate on this decision include important considerations which would be “cast aside” if the grant of extensions of time became non-discretionary. These factors include not only the interests of the parties but also “the public interest”. Furthermore, the question of whether there has been “an unreasonable delay” in seeking the extension of time is an important consideration in deciding whether or not the extension of time is justified “in all the circumstances of the case”.

Accordingly, IPTA submits that the exercise of the Commissioner’s discretion in deciding whether or not to grant an extension of time should not be dismissed as “adding little value” (see page 30 of the Paper), but rather should be seen as an important factor in assessing the allowability of the

extension of time. IPTA therefore submits that the Commissioner's discretion should be retained for all applications for extension of time (other than those due to error or omission by IP Australia).

Proposal 4: Writing requirements

It is proposed to remove the requirement to do things in writing where that requirement is required by legislation within the 4 IP registration systems. The requirement to do things in writing would be replaced by a requirement to notify the relevant person. This would allow greater flexibility in the way in which applicants and rights holders are informed of the outcomes of IP Australia decisions.

IPTA supports this proposal.

Proposal 5: Defining how documents are filed

IP Australia propose to amend the legislation for all IP rights to replace the existing mechanisms for filing documents with two new provisions for each right. The two new provisions would specify that the documents must be filed using an "approved means" including a "preferred means", and different fees may be prescribed depending on whether an act is done using preferred means or otherwise.

IPTA supports this proposal.

Proposal 6: Official Journals and Registers

The Public Consultation document proposes to remove the requirement for IP Australia to publish journals and change the definition of the various time periods that currently commence based on the dates events are published in those journals. A general requirement would be introduced to record prescribed particulars in the Register and to publish particulars after they are entered in the Register. The legislation would still require the Commissioner or Registrar to notify the applicant or rights owner.

IPTA support this proposal with the proviso that the legal disclaimer presently on IP Australia's website should be addressed if this proposal is to be implemented. The "legal disclaimer" IP Australia presently have on their website relating to AusPat, states that "IP Australia does not make any representation or warranty that the information the system provides is reliable, adequate, current, accurate or complete...it remains your responsibility to evaluate the accuracy, completeness and usefulness of any such information...". If IP Australia is no longer going to publish official journals, but rely on particulars in its databases, then we are of the view that it must take responsibility for the accuracy of publicly available information on its databases.

Proposal 7: Self-service amendments

The Public Consultation document proposes that the IP legislation would be amended to allow applicants and IP owners to make various amendments, such as amending applicant and agent address details, online. It is also proposed to replace the requirement for applicants to amend documents with provisions allowing certain particulars of patent applications to be amended, and to introduce new provisions to enable IP Australia to correct obvious errors.

IPTA agrees in principle with this proposal, however, the kinds of allowable amendments should be carefully considered and limited to details which are of an administrative nature. For example, while changes to the address of an applicant or owner may be appropriate, recording assignment or interests are not. Moreover, IP Australia analogises automated systems with a number of other agencies such as Comcare, the Department of Veteran Affairs, Centrelink, and the ATO. However, none of these agencies are involved in the creation or maintenance of property rights.

IPTA further submits that it would be particularly helpful if amendments could be confirmed immediately, where appropriate, so as to reduce the administrative burden of dealing with a separate notification some days after the amendment has been requested.

Proposal 8: Signatures

The Public Consultation document proposes to amend the patents legislation to remove the requirement for signatures for the following actions:

- Request to reinstate an application as an international application
- Request to treat a PCT as a standard application
- Statement authorising a person to request a patent of addition for the applicant or patentee
- Request to withdraw an opposition

The authenticity of these transactions would be verified using other information provided in the application documents.

IPTA does not object to this proposal.

Proposal 9: Certificates

The Public Consultation document proposes that IP legislation would be amended to remove the requirement for IP Australia to issue certificates of registration or grant. IP legislation would be amended to provide that any document approved by the Commissioner or Registrar would constitute prima facie evidence of a matter. IP rights holders would be able to download extracts of the Register at any time and use such extracts to prove certain facts. IP Australia intends to make commemorative certificates available upon the payment of a small fee.

IPTA prefers that a certificate of some nature be issued upon registration or grant of an IP right, as this reflects the expectations of many clients, particularly those from overseas. To reduce red tape, the certificate might be an electronic document setting out the relevant details.

Proposal 10: Address for correspondence

IP rights legislation would be amended to remove the requirement for applicants to provide an address for correspondence. The requirement to provide an address for service would be maintained.

IPTA supports this proposal in principle. We also refer to our earlier submissions to the effect that foreign applicants should be represented by a registered Australian or New Zealand patent attorney to ensure adequate representation under Australian law. There may be some way that our earlier proposal could be considered alongside this proposal.

Proposals that affect patents:

Proposal 11: Third party requests for examination

It is proposed to replace the current provision which allows a third party to request the Commissioner to direct an applicant to request examination of a standard patent application with a new provision which allows third parties to request the Commissioner to examine the application. The examination fee would be shared between the third party and the applicant.

IPTA supports this proposal.

Proposal 12: Colour drawings

It is proposed to amend the Patents Act to allow for the submission of drawings in colour.

IPTA supports this proposal.

Proposal 13: Extensions of term – notices to Department of Health

This proposal relates to Section 76A of the Patents Act 1990, a provision which requires patentees in respect of pharmaceutical patents which have been granted an extension of term to provide information to the Secretary of the Department of Health in relation to expenditure on research and development and Commonwealth funds spent in connection with the drug which was the subject of the extension of term application.

It is important to note that Section 76A was not originally included in the Intellectual Property Laws Amendment Bill 1997/1998 which introduced the patent term extension provisions.

The Intellectual Property Laws Amendment Bill 1998 was returned to the House of Representatives by the Senate with an amendment to introduce Section 76A. The amendment was proposed by the Australian Democrats as a mechanism for providing the Government with information to enable it to assess whether or not the patent term extension provisions to be introduced would encourage expenditure on research and development in the pharmaceutical area. The amendment was accepted by the Government who wanted the Bill "to have a speedy passage through here and be put into law as quickly as possible". It was also acknowledged at the time that introduction of Section 76A would "incur some modest additional compliance cost in the provision of this information".

However, there are several problems with the wording of Section 76A, which include the following:

1. The provision does not set out the time period during which the funds are spent, leaving it up to the patentee to choose an appropriate period.
2. The provision refers to "the drug which was the subject of the application", whereas the pharmaceutical patent term extension provisions make no reference to a drug. Accordingly it is not clear whether the drug referred to in Section 76A is the substance referred to in Section 70(3) or the pharmaceutical substance referred to in Section 70(2), or something else. This causes particular confusion when the pharmaceutical substance per se is a mixture of substances.
3. The reference to Commonwealth funds is particularly unclear, especially to foreign patentees. It is also unclear whether or not Commonwealth funds include tax credits.
4. Section 76A(b) makes a general reference to "Commonwealth funds". It also makes a general reference to a "contractual agreement". There is nothing in this sub-section which limits the contractual agreement to one involving the patent or the pharmaceutical substance, or the Commonwealth funds to funds spent in connection with the patent or the pharmaceutical substance. This makes it very difficult to determine whether or not a particular body should be named under Section 76A(b).
5. Section 76A(c) is particularly unclear. In this regard, the provision refers to "each type of research and development" without identifying the various types of research and development. The only clarification the provision provides is the reference to pre-clinical research and clinical trials which are two types of research and development falling within the scope of the provision. To add to the confusion, although the

provision is not limited to research and development expenditure incurred in Australia, a communication from the Commonwealth Department of Health and Family Services to the Australian Pharmaceutical Manufacturers Association indicated that the Department only expected to be provided with expenditure information relating to research and development occurring in Australia.

As a result of the ambiguous nature of the provision there is no consistency in the way patentees provide returns to the Department of Health. This would make it very difficult for the Department to obtain information which may be useful in determining whether or not the patent term extension provisions have stimulated research and development.

We believe Section 76A should be repealed. The lack of clarity in the provisions has resulted in the need for patentees to obtain extensive advice from patent attorneys in relation to the way in which the Section 76A Returns should be presented. This advice has been obtained at substantial cost to the patentees. It can also be very difficult to obtain accurate information in relation to the research and development expenditure incurred in connection with a particular product, or in connection with a number of products, protected by a patent. These difficulties are compounded when the registered pharmaceutical product is marketed under license from the patentee, and where the patentee is not in possession of all of the information required to complete the Return. Considerable difficulties can be encountered in trying to obtain expenditure information from licensees, particularly in relation to Commonwealth funds and tax concessions.

Although Section 76A could be amended to improve its clarity, it is difficult to see how the provision can be amended in a way which would provide the Department of Health with useful information in relation to enable it to assess whether research and development expenditure has increased as a result of the introduction of the patent term extension provisions. It is also not clear whether it is the intention of the section is to collect information only relating to research and development expenditure in Australia or expenditure elsewhere. In any event, collecting Australian expenditure information and/or International expenditure information will not shed much light on the relationship between the Australian patent term extension provisions and stimulation of research and development.

IPTA submits that there are other measures for determining whether or not Australia's patent system, including the patent term extension provisions, are effective in encouraging innovation in the pharmaceutical area in Australia. Encouraging innovation in Australia not only includes encouraging local researchers, pharmaceutical companies and research institutes to carry out research and development in Australia, or encouraging pharmaceutical companies to carry out clinical trials in Australia, but it also includes encouraging pharmaceutical companies to bring their pharmaceutical products to Australia for the benefit of Australian citizens. The patent term extension provisions clearly provide this incentive, and IPTA does not believe that a provision such as Section 76A is required to enable this to be assessed.

We believe the actual cost of compliance with the provisions of Section 76A was highly understated when the extension of term provisions were originally introduced. Repeal of the reporting requirements under Section 76A would substantially reduce red tape and unnecessary regulatory costs for users of the patent system.

Accordingly, IPTA supports Option 2 of the proposal.

Proposals that affect trade marks:

Proposal 14: Acceptance timeframe

IP Australia proposes significant changes to acceptance deadline timeframes and extension of time provisions. In particular:

- easy extensions for which no justifications are required in trade mark prosecution cases would be abolished;
- requests for extensions of three months or less (“Short Extensions”) would be automatically granted without assessment of the adequacy of the reasons provided. However, third parties would have an opportunity to object to that grant for a period of one or two months after which the application for extension would be assessed and may be revoked;
- extensions of time will not be discretionary; and
- the acceptance period for trade marks would be reduced from 15 months to 6 months.

IPTA does not support any of these changes.

Short Extensions and method for assessment

If IP Australia requires all extensions to be made under the provisions of s 224, then IP Australia must assess whether such extensions, including Short Extensions satisfy the requirements prior to granting the extension. The basis for the proposed procedure for Short Extensions is to reduce the administrative burden placed on customers and IP Australia. Reducing this burden by failing to assess the grounds upon which an extension is sought under s 224 is inappropriate because the onus should be on the extension of time applicant to demonstrate that it has satisfied the grounds. This is the usual procedure on every other aspect of the trade mark application process. Moreover, the ability for third parties to object to the grant of an extension will create unnecessary uncertainty and ultimately, increased costs for applicants to defend a proposed revocation of a grant of extension as IP Australia would, in such cases, need to give the applicant an opportunity to be heard.

Instead of the new proposed “streamlined” approach, the current provisions which allow a trade mark applicant to obtain “easy” extensions should be maintained. At the very least, applicants should have one “easy” extension of up to three months. Indeed, this would be consistent with the position overseas. For example, at OHIM, a two months extension is granted as of right. In the UK, there is more flexibility and discretion. We also note that this would reflect a streamlined approach as reasons do not need to accompany such a request and no assessment needs to be made by IP Australia.

Discretion

If IP Australia intends to make the grant of extensions non discretionary, then IP Australia must confirm the reasons an applicant must provide in order to be allowed an extension. In particular, in relation to the special circumstances ground, the Trade Marks Manual currently provides the following examples that could amount to special circumstances:

- pending non use actions;
- pending hearings;
- sickness;
- death;
- bankruptcy;
- particular difficulty in finalising the collection of evidence; and
- particular difficulty in finalising negotiations.

The above list does not include a number of additional reasons which IP Australia is currently allowing under the special circumstances ground, including:

- i) that a response has been filed with IP Australia and further time is required for the Examiner to consider the response;

- ii) that the applicant is considering the contents of an examination report and requires further time to decide on the next steps;
- iii) that a response is being prepared, but further time is required to finalise the response;
- iv) that the applicant maintains a genuine interest in the mark but requires more time to consider how to overcome the objections; and
- v) in the case of IRDAs, that the Holder is waiting for WIPO to action an amendment (eg a transfer of goods and services to a different class) which will address an objection and that further time is required to wait for WIPO and IP Australia to action the amendments. It would be preferable however, for this to be included as an additional ground for deferment as Holders of IRDAs are, in some cases, being forced to pay substantial extension fees owing to the substantial time that WIPO takes to make amendments.

Acceptance Deadlines

In support of IP Australia's proposal to reduce the acceptance deadline time frame from 15 months to 6 months, IP Australia has cited a number of examples of countries where acceptance deadlines are said to be six months or less. However, the information which IP Australia is relying on must be placed in context:

- a) it is critical to note that in each of the examples provided by IP Australia under footnote 143, the deadlines actually refer to **response** deadlines, **not** acceptance deadlines. Accordingly, in each case the applicants would have further time to address any further outstanding issues prior to the application lapsing provided that a response is filed by the due date.
- b) some of the time frames cited in the Consultation Paper also do not refer to deadlines for substantive examination reports. For example, in the case of Singapore and Hong Kong, the two month response deadline referred to in the Consultation Paper relates only to an examination on the formalities of the application (such as the classification of goods and services). If there are any misclassified items, the Trade Marks Offices of Hong Kong and Singapore will issue a deficiency notice and applicants then have 2 months to respond and rectify the deficiencies. Once the deficiencies are rectified, substantive examination on absolute and relative grounds of refusal will then take place and if any objections arise, the applicant will have a further 4 months to respond in Singapore and 6 months in Hong Kong, with the ability to obtain easy extensions for up to 3 months. If a response does not overcome the objection, then in both countries, the applicant is given a further 3 month period to respond.
- c) It is possible in most countries referred to in the Consultation Paper for applicants to obtain easy extensions of the response deadline, including OHIM (2 months), Ireland (3 months), UK (3 months), Japan (1 month), and South Korea (2 months).
- d) The practice of the OHIM and the UK are not as relevant given that these jurisdictions do not, unlike Australia, examine on relative grounds.

If the acceptance deadline must be reduced to 6 months and **IPTA strongly advocates for changing all deadlines to response deadlines and not acceptance deadlines**. In addition or in the alternative, IPTA strongly advocates:

1. to retain the ability to obtain easy extensions (without reasons) for at least 3 months. This would be in keeping with overseas practice;

2. the automatic grant of a two month free extension after a response is filed which would allow the Examiner one month to consider the response and the applicant one month to consider any subsequent report;
3. an extension of the period for deferment where evidence is being collected and proposed to be filed or where a letter of consent is being sought from six months to 9 months. In relation to the grounds for deferment, IPTA supports the inclusion of collecting evidence for the purpose of section 41 objection as a ground for deferment;
4. the ability to request deferment without payment of official fees beyond the initial acceptance deadline time frame. It is not unusual for applicants to first attempt to overcome objections through lodgement of arguments prior to committing to collecting evidence of use, as the latter is a much more costly and time consuming process; and
5. the introduction of an additional ground for deferment for IRDAs in cases where the Holder is waiting for WIPO to action an amendment to the International Registration which will have a flow on effect to the IRDA and address objections raised during examination. In some cases, a classification objection is raised where it is not possible to overcome this objection unless the claim is transferred to the correct class. However, a request to transfer claims cannot be made before IP Australia, and instead, the Holder is required to request the amendment through WIPO. WIPO takes a significant amount of time to make such amendments and often, more than 6 months. Allowing deferment in these cases would substantially benefit Holders of IRDAs as well as reduce the administrative burden on IP Australia having to process extensions filed to keep an IRDA alive while waiting for WIPO to action changes. The period for deferment would end once IP Australia has actioned the relevant changes.

Proposals that affect designs:

Proposal 15: Registration of Designs

It is proposed to amend the Designs Act to remove the option to allow an application to be published without being registered. If the applicant does not request withdrawal or registration within six months from filing, the application will automatically proceed to a formalities check and registration.

IPTA supports this proposal.

Proposal 16: Multiple copies of registrations

It is proposed to amend the Designs Act to remove the requirement for applicants to file multiple copies of each representation of the design disclosed in the application.

IPTA strongly supports this proposal.

Supporting small business

Proposal 17: Unjustified threats of infringement

It is proposed to align the provisions relation to unjustified threats of infringement by including provisions in the Plant Breeders' Rights Act corresponding to those present in the Patents Act, and amending the Trade Marks Act to replace "groundless" threats with "unjustified" threats. It is also proposed to amend the Patents, Trade Marks and Designs Acts, and possibly also the PBR Act, to

allow additional damages to be awarded where the IP rights holder has made blatant and unjustified threats of infringement against another party.

While IP Australia states that the potential cost to business of unjustified threats can be significant and that the level of damages that are currently available may not be sufficient to discourage a well-resourced IP owner from making flagrant unjustified threats of infringement, there does not appear to be any evidence to support these assertions. Nevertheless, IPTA supports this proposal provided that the kind of acts which would be considered "flagrant" or "unjustified" are clearly defined. This is particularly relevant in the case of trademarks, given the very subjective nature of the assessment of deceptively similarity, only reckless threats, where the marks are obviously not deceptively similar, or where there is an abuse of process (for eg. repeated and impossible threats of infringement designed to bully someone into ceasing use of a mark), should qualify for the award of additional damages.

Proposal 18: Clarify ownership of Plant Breeders' Rights

It is proposed to amend the Plant Breeders' Rights Act to allow more than two breeders to lodge a joint application, and amend the Plant Breeders' Rights regulations to allow for corrections to the PBR register. The provisions would be similar to those present in the patents legislation where the Commissioner has the power to rectify the Patent Register to address the omission of an entry, an entry made without sufficient cause, a wrong entry, or an error or defect in an entry in the Register.

IPTA supports this proposal.

Proposal 19: Trade marks and shelf companies

It is proposed to amend Section 27 of the Trade Marks Act to allow trade mark applications to be lodged in the name of an existing shelf company. It may also be necessary to amend paragraph 28(1)(c) of the Tobacco Plain Packaging Act 2011, although it is acknowledged in the Consultation Paper that this may be a sensitive issue.

IPTA strongly supports this proposal.

Proposal 20: Customs notice of seizure

It is proposed to amend the Trade Marks Act to allow customs to notify the designated owner of the goods and the trade mark owner notices by "approved means" upon seizure of imported goods where the importation infringes, or appears to infringe, a registered trademark. This would allow notices to be issued electronically.

IPTA supports this proposal.

Technical fixes

Proposal 21: Publishing personal information of IP attorneys

It is proposed to amend the Patents and Trade Marks legislation to enable the Professional Standards Board to publish name and address information of all registered attorneys. Under the current legislation IP attorneys can prevent their names and addresses from being published by the Professional Standards Board.

IPTA supports this proposal.

Proposal 22: Prosecution of IP attorney offences

It is proposed that the Patents Act and the Trade Marks Act be amended to allow an incorporated attorney to be prosecuted for an offence within five years of the date of the offence. Under the current legislation an incorporated attorney can only be prosecuted for a number of offences within 12 months of the commission of the offence.

IPTA supports this proposal.

Additional proposals

In addition to the proposals presented in the Public Consultation paper, IPTA have identified two additional areas where red tape might be reduced. These are as follows:

1. Amend Section 43(3) of the Patents Act 1990 to address the "poisonous priority" problem introduced by the Full Federal Court of Australia in *AstraZeneca AB v Apotex Pty Ltd* [2014] FCA FC99. As a result of the Full Court's restrictive interpretation on Section 43(3) it is now necessary for patent applicants in Australia to amend their claims to ensure that no single claim derives priority from more than one source. In this regard, Australian Patent Law no longer complies with the spirit of Article 4F of the Paris Convention. This now substantially increases the costs associated with preparing patent specifications and prosecuting patent applications before IP Australia since detailed assessment of priority entitlement is now required. The problems for patent applications has been compounded by the change in the test for priority introduced by the Raising the Bar Act. The problems caused by the decision of the Full Federal Court had previously been raised with IP Australia, and a detailed article written by Michael Caine explaining the problem can be found at www.davies.com.au/ip-news/publications-poisonous-priority-arrives-in-Australia-and-New-Zealand.

We believe that amending Section 43(3) to ensure that it applies to "variants" as well as "forms" of an invention (since the Full Court has found a difference between these terms) would substantially reduce the costs for patent applicants in Australia who wish to rely on multiple or partial priorities of the type provided for in Article 4F of the Paris Convention.

2. Following the commencement of the America Invents Act in the United States, which has effectively done away with the best mode requirement, Australia and New Zealand have found themselves in a situation where they are now the only countries with an effective best method requirement in their patent law. Obtaining information from Australian patent applicants and inventors relating to the best method of performance in the invention known to them at the time of filing a patent application can add to the costs associated with preparing a patent specification. There is also a significant risk that foreign applicants filing patent applications into Australia would not understand that Australia has a best method requirement. This problem for foreign applicants has been highlighted recently in the decision of Justice Rares in *Apotex Pty Ltd v Le Laboratoire Servier* [2013] FCA 1426 in which the best method requirement was interpreted in a very strict manner, leading to a finding of invalidity of the patent. We believe removal of the best method requirement would not only bring Australian patent law into closer harmonisation with the laws of its major trading partners, but also would reduce red tape and regulatory compliance costs for patent applicants.

Assistance from IPTA with legislative changes

IPTA will be pleased to assist with and suggest possible changes to the wording of the relevant legislation and the associated regulations to implement the proposals and would be pleased to assist in the review of any legislative changes proposed by the parliamentary draftsman.

Yours faithfully



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