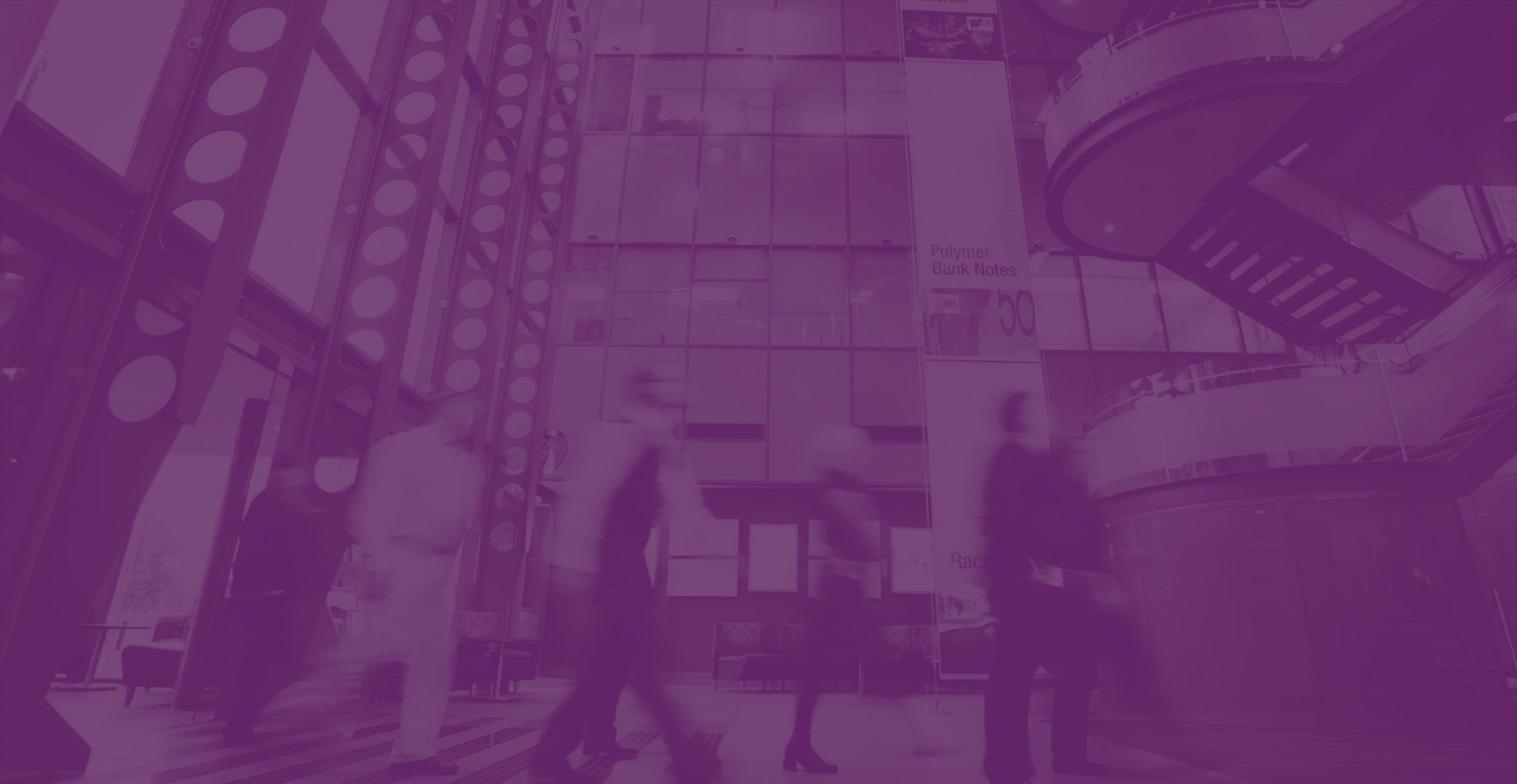




Australian Government  
IP Australia

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

February 2015

A blurred photograph of a modern office interior with people walking, overlaid with a purple tint. The text 'Robust intellectual property rights delivered efficiently' is centered at the bottom.

Robust intellectual property rights delivered efficiently

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# Introduction

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This paper seeks views on the reforms proposed in the paper to streamline IP processes and support small business. IP Australia invites interested parties to make written submissions on the proposals by **7 April 2015**. IP Australia will consider the submissions and undertake further consultation as necessary.

**Written submissions should be sent to [consultation@ipaaustralia.gov.au](mailto:consultation@ipaaustralia.gov.au).**

For accessibility reasons, please submit responses by email in Word, RTF or PDF format. We are also happy to receive responses by telephone.

The contact officer is Sean Applegate, who may be contacted on (02) 6283 2207.

Please note that, unless requested otherwise, written comments submitted to IP Australia may be made publicly available on our website and may be disclosed to other Commonwealth agencies, including, but not limited to, the Department of Industry.

When you make a submission, unless stated otherwise, you provide your consent to your personal information being published online. Information published online may be accessed world-wide, including by overseas entities. IP Australia will not be able to control any subsequent use under the *Privacy Act 1988*, nor are you able to seek redress under that Act, for the actions of any overseas entities.

IP Australia's Privacy Policy can be viewed at [www.ipaustralia.gov.au/about-us/corporate/privacy-policy/](http://www.ipaustralia.gov.au/about-us/corporate/privacy-policy/). The privacy policy also includes the following information:

- how you may seek access to and correction of the personal information we hold;
- how you may make a complaint about a breach of the Privacy Act and how we will deal with your complaint; and
- IP Australia's Privacy Contact Officer details.

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.

**Submissions should be received no later than 7 April 2015.**

# Overview

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The objective of the Australian intellectual property (IP) system is to encourage innovation and investment by providing researchers and businesses with protection for their ideas and brands. Businesses benefit by being able to make a return on their investments in new ventures or by protecting their reputation in the market. Consumers benefit by having access to new technologies, products and services and by knowing who these are provided by. IP Australia's administration of the patents, trade marks, designs and plant breeder's rights systems helps to realise these benefits.

At present, some of the processes for obtaining, maintaining and challenging the four IP rights are overly complex or do not balance the legitimate interests of all parties. This creates costs for businesses dealing with the IP system, particularly small businesses which face compliance costs disproportionate to their size. Small businesses play a vital creative and entrepreneurial role in the economy and the Government is committed to supporting them by reducing unnecessary red tape.<sup>1</sup>

One of the causes of this complexity is the different administrative processes and rules between the IP rights. As patents, trade marks, designs and plant breeder's rights perform quite different roles, many of these differences are essential. However, there are a number of unnecessary differences between the IP rights processes. Another cause of complexity is administrative procedures that are more involved and burdensome than they need to be. Such complexity makes it more difficult for the public to understand the IP rights system and for owners to manage their portfolio of IP rights.

A number of IP processes can also involve long delays and so do not properly take into account the interests of business competitors and other third parties. Delays can lead to prolonged periods of uncertainty over the freedom to operate in a particular market. Businesses can incur significant costs due to lost opportunities and having to adopt alternative strategies.

To address these issues, IP Australia is placing a high priority on aligning and streamlining processes, improving service delivery and reducing unnecessary delays. This will make administration of the system more efficient for users of the system and for IP Australia.

IP Australia has commenced a significant body of work to improve its business processes and to consolidate and modernise its information technology (IT) systems. At present, IP Australia uses

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<sup>1</sup> [www.cuttingredtape.gov.au](http://www.cuttingredtape.gov.au).

over 40 different IT systems to administer the four IP rights. This is costly and makes it more difficult to align processes and introduce new services that meet the needs of customers into the future. The first stage of this business improvement program will occur with the introduction of a new system for Designs in late 2015. Implementation for the other IP rights will occur in subsequent years.

This paper outlines a number of proposed changes to the IP rights systems to help achieve these aims. IP Australia intends to release a draft bill of the legislative changes in mid-2015 for public comment, with a view to introducing the bill to Parliament in late 2015, for commencement in 2016.

The proposals are grouped into three main themes:

### **1. Aligning and simplifying**

The aim of these proposals is to align, improve and simplify processes and practices across the four IP rights where possible. This would help to reduce the complexity of the IP system and better balance the interests of IP owners and third parties.

### **2. Assisting small business**

There are over two million small businesses in Australia<sup>2</sup> and a large percentage of IP applicants and owners are small to medium enterprises (SMEs).<sup>3</sup> Such businesses do not have the resources of larger firms and are particularly sensitive to red tape and uncertainty. A number of the proposals in this paper would particularly benefit small businesses navigating the trade marks, designs and PBR systems.

### **3. Technical fixes**

IP Australia has identified a small number of errors and inconsistencies in the IP legislation relating to the regulation of patent and trade mark attorneys. This consultation process and a future IP bill provide an opportunity to address these technical issues.

This paper seeks stakeholder comments on these proposals and welcomes other suggestions on how to improve IP processes or reduce regulatory costs. For many of the issues raised in this paper there are a large number of possible options. To be as concise as possible, this paper focuses on the most feasible options and only discusses them at a high level. Once stakeholders

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<sup>2</sup> Department of Industry, Innovation, Science, Research and Tertiary Education, 2012.

<sup>3</sup> IP Australia estimates that around 70% of trade mark applicants and 80% of PBR applicants are SMEs.

have commented on the general approach, the specifics of each proposal will be determined in the exposure draft of the bill. Some of the options can be combined into packages to address a more general issue.

Under the government's regulation framework, the impact on the community of all proposed changes to regulation must be assessed. This requires the costs and benefits of proposed changes to be estimated to help the Government to decide on the best option. The assessment framework counts certain costs (eg. administration costs) and not others (eg. fees and charges payable to the government). IP Australia has estimated the costs and benefits of each of the preferred options in this paper. More information on the costing framework and the detailed costings for each of the proposals can be found in *Proposals to reduce regulation and assist small business – Regulatory compliance costs*, available on the IP Australia website at <http://www.ipaustralia.gov.au/about-us/public-consultations/>. IP Australia welcomes any comments on the costings for the proposals.

# Aligning and simplifying

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The following proposals aim to improve, align and simplify the processes for obtaining, maintaining and challenging IP rights. This will better balance the interests of the parties involved, reduce the costs of administering the system and help reduce the regulatory burden for those dealing with IP rights.

## Proposals that affect all four IP rights:

### 1. Aligning renewals

IP owners need to pay renewal fees to maintain their rights. The main objective of this is to ensure that IP rights that are not of commercial value to the owner are relinquished, allowing the innovations and in some cases the brands to be used by others. Renewal fees also help to cover the substantial costs of examining applications for IP rights. Having renewal fees subsidise application fees helps to keep up-front fees lower, thereby encouraging innovation at a stage when many business resources are limited.

The four IP rights administered by IP Australia have different renewal regimes. Some of these differences are due to fundamental differences between the rights or treaty obligations, while others have simply arisen over time. There are three main issues with renewals:

- A. Grace periods for paying renewal fees
- B. Early payment of renewal fees
- C. Reminder notices.

#### **A. Renewal grace periods**

##### **Background**

The patents, trade marks and designs Acts provide rights owners with a six month 'grace period' after a renewal fee is due in which to pay the fee.<sup>4</sup> If an applicant pays the renewal fee during the grace period, IP Australia charges a fee of \$100 per month that the fee is late.<sup>5</sup> Around 5 - 10% of renewals are paid during the grace period.<sup>6</sup>

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<sup>4</sup> *Patents Regulations 1991*, r [13.3](#) and [13.6](#); *Trade Marks Act 1995*, s [79](#); *Designs Regulations 2004*, r [4.09](#).

<sup>5</sup> For trade marks this is \$100 per class per month.

<sup>6</sup> IP Australia estimates.

The renewal grace period is required for patents, trade marks and designs under Article 5bis of the Paris Convention. PBR do not have a grace period for renewals and one is not required by international agreements, so failure to pay a renewal fee results in irrevocable loss of the PBR.

The status of rights during the grace period varies between the rights. Trade marks nominally expire during the grace period, but remain on the Register so that similar marks cannot be granted during that period.<sup>7</sup> Trade mark owners may maintain their common law rights during the renewal grace period. However, if a third party uses the trade mark in the period between the registration expiring and being renewed, they cannot be sued for infringement.<sup>8</sup>

For patents, the courts have found that patents remain in force during the renewal grace period, but lapse as of the renewal date if the renewal fee is not paid within the grace period.<sup>9</sup> This is consistent with IP Australia's understanding and practice, as patents remain on the Register during the renewal grace period as being in force. Third parties can be sued for infringement for acts that occurred while the patent was in force, ie. during the grace period if the renewal fee has been paid.

The status of designs is less certain. Registration ceases after five years from the filing date, unless registration is renewed within five years and six months from the filing date.<sup>10</sup> If a design ceases due to the owner failing to do an act and the time for doing the act is extended, the registration is restored on the day the extension is granted.<sup>11</sup> However, the status of a design during the six months after the five year term is not clear if the renewal date has not been extended. It is therefore uncertain whether third parties are protected from being sued for infringement during the renewal grace period. Designs listed in the search database as 'registered – in grace period' during the renewal grace period if the fee has not been paid.

The IP rights use a number of terms to describe their current status, such as filed, granted, registered and ceased. The legislation and online databases for the four IP rights sometimes use different terms to describe the same 'inactive' status. For example, a granted right that has been voluntarily given up by its owner is termed 'revoked' in patents and designs, 'cancelled' in trade marks and 'surrendered' in PBR.<sup>12</sup>

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<sup>7</sup> *Trade Marks Act 1995*, s [77 - 80](#).

<sup>8</sup> *Trade Marks Act 1995*, s [128\(1\)](#).

<sup>9</sup> *Miles v Commissioner of Patents* [2014] [FCAFC 109](#), paras 11-14.

<sup>10</sup> *Designs Act 2003*, s [46](#), [47\(2\)](#); *Designs Regulations 2004*, r [4.09](#).

<sup>11</sup> *Designs Act 2003*, s [137](#), [138](#).

<sup>12</sup> *Patents Act 1990*, s [137](#); *Trade Marks Act 1995*, s [84](#); *Plant Breeder's Rights Act 1994*, s [52](#).

Table 1 on page 10 provides a summary of the current renewal grace period provisions for the four IP rights.

### **Problem**

The lack of a grace period for PBR means that there is a risk that PBR owners could lose their rights due to a simple error. Around 2000 PBRs are renewed each year.

The uncertainty over the status of designs (and to some extent, patents) during the renewal grace period could lead to inefficiencies in the market. Competitors may not be sure whether they are free to use these innovations during the renewal grace period or may be sued for infringement once the renewal fee is paid. This may result in lost business opportunities for competitors or in parties having to take expensive legal action to determine the matter.

Additionally, the different terms used to describe the same status for different IP rights can create unnecessary complexity for customers and administration costs for IP Australia.

### **Options**

Table 2 on page 11 sets out the main options in regards to renewal grace periods.

**Table 1: Grace periods for renewal fees - Current provisions**

<b>IP Right</b>	<b>Renewal fees due</b>	<b>Renewal grace Period</b>	<b>Status of right during grace period</b>	<b>Infringement during the grace period</b>
<b>Plant Breeder's Rights</b>	20 year term (25 for trees and vines). Renewals due on each anniversary of the grant of the right.	No grace period.	PBR ceases if renewal fee not paid on due date.	N/A.
<b>Patents</b>	20 year term (25 for some pharmaceuticals). Renewals due on 4 year anniversary, then annually.	6 months.	Patent remains in force.	Yes.
<b>Trademarks</b>	Unlimited term. Renewals due every 10 years from filing date.	6 months.	Trade mark expires but remains on the Register during the grace period.	No.
<b>Designs</b>	10 year term. The renewal is due 5 years from the filing date, covers the remaining 5 years.	6 months.	Uncertain.	Uncertain.

**Table 2: Grace periods for renewal fees - Options**

Options	IP Right			
	Plant Breeder's Rights	Patents	Trademarks	Designs
<b>Option A1 – no change</b>	No grace period.	6 month grace period and patent status undefined in the legislation.	6 month grace period with infringement exemption.	6 month grace period with design status undefined in the legislation.
<b>Option A2 – grace period for all rights, rights remain 'live' during grace period</b>	<p>Amend legislation to:</p> <ul style="list-style-type: none"> <li>Introduce 6 month grace period</li> <li>Introduce a fee for late payment of renewal fee</li> <li>Clarify that the PBR remains 'live' during the grace period and ceases at the anniversary if the fee is not paid.</li> <li>Align the status terms with other rights where possible</li> </ul>	<p>Amend legislation to clarify that:</p> <ul style="list-style-type: none"> <li>the patent remains 'live' during the grace period and</li> <li>ceases at the anniversary if the fee is not paid.</li> </ul> <p>Patent may be infringed during the grace period</p> <p>Status terms would be aligned across the rights where possible.</p>	<p>No significant change.</p> <p>Trademark remains 'live' and infringement exemption applies during the grace period.</p> <p>Status terms would be aligned across the rights where possible.</p>	<p>Amend legislation to clarify that:</p> <ul style="list-style-type: none"> <li>the design remains 'live' during the grace period and</li> <li>ceases at the anniversary if the fee is not paid.</li> </ul> <p>Design may be infringed during the grace period.</p> <p>Status terms would be aligned where possible.</p>
<b>Option A3 – grace period for all rights, rights cease when renewal not paid on time but can be reinstated if fee is paid within grace period</b>	<p>Amend legislation to:</p> <ul style="list-style-type: none"> <li>Introduce 6 month grace period with a late fee</li> <li>Clarify that the PBR ceases if renewal fee is not paid by due date.</li> <li>Provide means for reinstating PBR if renewal fee and late fee is paid before end of grace period.</li> <li>Provide exemption from infringement for acts done between renewal date and date fee paid.</li> </ul>	<p>Amend legislation to:</p> <ul style="list-style-type: none"> <li>Clarify that the patent ceases if renewal fee is not paid by due date.</li> <li>Clarify that the patent can be reinstated if renewal fee and late fee is paid before end of grace period.</li> <li>Provide exemption from infringement for acts done between renewal date and date fee paid.</li> </ul>	<p>Amend legislation to:</p> <ul style="list-style-type: none"> <li>Clarify that the trademark ceases if renewal fee is not paid by due date.</li> <li>Clarify that the trademark can be reinstated if renewal fee and late fee is paid before end of grace period.</li> </ul>	<p>Amend legislation to:</p> <ul style="list-style-type: none"> <li>Clarify that the design ceases if renewal fee is not paid by due date.</li> <li>Clarify that the design can be reinstated if renewal fee and late fee is paid before end of grace period.</li> </ul>

## Proposed option

At this stage, option A2 is proposed as this would provide the most certainty and stability for stakeholders on the status of IP rights. It would:

- enable PBR owners to pay their renewal fees late and not lose their rights, for the same late fee charged for the other IP rights
- clarify the status of rights during the grace period, reducing uncertainty for business and the need for court actions
- harmonise all four rights to a large degree, reducing complexity
- minimise changes to the status of rights during their lifetime
- ensure the legislation is consistent with international treaty obligations, and
- align the status terms across the IP rights, where possible.

The introduction of a renewal grace period for PBR would mean that competitors would have to wait another six months after a renewal fee is due before they could be certain that they are free to use a plant variety. However, when renewal fees are not paid, it is typically because the PBR is of limited value in the market. Therefore the opportunity costs to competitors would be small.

A risk in implementing this option is that some stakeholders in the plant breeding and growing industries may not be aware of the new PBR renewal grace period. They may incorrectly assume that a PBR has ceased because the fee has not been paid, use the variety in question and be sued for infringement. This risk would be mitigated by providing information on the renewal grace period and the status of rights.

Option A3 would also provide PBR with a renewal grace period and align the rights. However:

- ceasing rights during the renewal grace period would not be appropriate for trade marks, which retain common law rights when registration lapses
- the reinstatement of ceased rights has the potential for confusion in the marketplace and would increase administration costs for IP Australia
- to protect third parties against infringement actions for acts done in good faith while the right was ceased, it may be necessary to introduce provisions in PBR and patents similar to those in designs and trade marks<sup>13</sup>
- this option may provide limited benefits to third parties because most may continue to wait until the renewal grace period has ended because it is not worth exploiting a right for what may be a short period, and
- ceasing rights during the grace period may be inconsistent with Article 5*bis* of the Paris Convention.

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<sup>13</sup> *Designs Act 2003*, s [140](#) and *Trade Marks Act 1995*, s [128\(1\)](#).

## ***B. Early payment of renewal fees***

### **Background**

For patents, designs and PBR, renewal fees can be paid at any time before the fee is due. IP right owners sometimes pay several years in advance in order to avoid future fee increases, reduce their administration costs and/or take advantage of current exchange rates or for tax reasons.

For example, around 0.5% of patent renewals are paid early each year, at a value of around \$300 000.<sup>14</sup> However, this amount can vary and is likely to increase when a fee increase is expected as a result of an IP Australia fee review. In contrast, trade marks owners are unable to pay renewal fees more than 12 months before the fee is due.<sup>15</sup>

### **Problem**

The early payment of renewal fees by rights owners is contrary to the objectives of the renewals system. Rights owners who have paid renewal fees in advance do not relinquish rights that are no longer of commercial value to them, as they have already paid for them. This prevents the public from freely using the innovations in question.

Also, IP Australia is a cost recovery agency that aims to recover its costs every financial year and reviews its fees every five years. Allowing rights owners to pay fees multiple years in advance makes it more difficult for IP Australia to accurately predict annual revenue and set fees at the optimal level for cost recovery.

### **Options**

#### *Option B1 – no change*

Customers would continue to be able to pay patents, designs and PBR renewal fees early.

#### *Option B2 – limit payment of renewal fees to 12 months before the renewal date*

This option would amend the patents, designs and PBR legislation to limit the payment of renewal fees to no earlier than 12 months before the relevant date, thereby aligning all the IP rights.

#### *Option B3 – remove the date restriction on payment of trade mark renewal fees*

This would align the rights and allow trade mark owners to pay fees early.

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<sup>14</sup> IP Australia estimate.

<sup>15</sup> *Trade Marks Act 1995*, s [75](#); *Trade Marks Regulations 1995*, r [7.3](#).

## **Proposed option**

Option B2 is proposed as it would be consistent with the objectives of the renewals system and make it easier for IP Australia to set fees at the appropriate level for cost recovery. There would be some minor costs to those IP owners who prefer to pay renewal fees early.

Option B3 would provide trade mark owners with more flexibility in paying fees. However, this approach would discourage IP owners from relinquishing rights that are no longer of commercial value to them and make it more difficult for IP Australia to recover costs year by year.

## **C. Renewal notices**

### **Background**

The Trade Marks Act requires IP Australia to issue reminder notices to trade mark owners two months before the renewal fee is due.<sup>16</sup> None of the other IP Acts require such notices to be sent. Nonetheless, IP Australia's practice is to issue renewal notices to unrepresented owners of patents, designs and PBR.

### **Problem**

Not all trade mark owners require reminder notices. Around 50% use agents or annuity firms to handle renewals and so do not rely on reminder notices from IP Australia. Therefore IP Australia is unnecessarily issuing around 7 000<sup>17</sup> trade mark reminders to Australian businesses each year. This incurs some handling costs for customers and administration costs for IP Australia. Also, the reminder systems of the four IP rights are not aligned, creating unnecessary complexity for owners of more than one type of right and for IP Australia.

### **Options**

#### *Option C1 – no change*

IP Australia would continue to issue renewal reminders to all trade mark applicants.

#### *Option C2 – remove the requirement to issue trade mark renewal notices*

Amend the trade marks legislation to remove the requirement to issue reminders. IP Australia would only issue reminders to unrepresented trade mark owners, as for the other IP rights.

#### *Option C3 – introduce requirements to issue renewal notices for all IP rights*

Amend the IP legislation to require IP Australia to issue reminders to unrepresented customers only.

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<sup>16</sup> Trade Marks Act 1995, s [76](#).

<sup>17</sup> Around 30 000 trade mark renewals are paid each year. 14 000 are paid by Australian owners and around 7 000 of those are paid by represented Australians.

### **Proposed option**

At this stage, option C2 is proposed as this would reduce administration costs for several thousand trade mark owners per year and for IP Australia, while ensuring that those customers who are most likely to need renewal notices continue to receive them. Option 3 would align the IP rights but increase legislative complexity to little benefit.

To summarise, a combination of options A2, B2 and C2 would:

- introduce a grace period for PBR renewals
- clarify the status of IP rights during the grace period as remaining in force
- align the status terms used where possible
- no longer allow renewals to be paid any earlier than 12 months before the fee is due, and
- enable IP Australia to no longer issue renewal notices to represented trade mark owners.

Taken together these changes will increase certainty and reduce complexity for stakeholders by clarifying the status of rights and harmonising language and administrative processes across rights. They will also enable IP Australia to better target actions to the needs of particular customer groups.

## 2. Re-examination / revocation

### Background

All four IP rights have formal mechanisms for the Registrar or Commissioner to review an accepted application or a registered/ granted/ certified right. Re-examination is a formal process for reviewing an IP right. Revocation is the act of undoing acceptance or registration of the right, and may be the result of a re-examination or review on the Commissioner's or Registrar's own initiative. These mechanisms are relatively simple and inexpensive alternatives to opposition and court proceedings. They allow for review on the Registrar or Commissioner's own initiative, or at the request of a third party. There are some significant differences in the scope and processes for review across the four IP rights.

### *Patents*

A re-examination process is available for both standard and innovation patents. Re-examination may be initiated by the Commissioner at any time, or requested by third parties at any time after grant (standard patents) or certification (innovation patents).<sup>18</sup> The fee for requesting re-examination is \$800.<sup>19</sup> Re-examination involves assessing the patent on all of the substantive grounds considered during examination. IP Australia issues a report to the applicant/patentee and the requestor (where a third party has requested re-examination), with parties being given the opportunity to provide a written statement before the Commissioner decides the outcome of the re-examination.<sup>20</sup> After re-examination the Commissioner may refuse an accepted application or may revoke a granted patent.<sup>21</sup> The Commissioner may refuse to grant or may revoke a patent only if the applicant has had a reasonable opportunity to be heard.<sup>22</sup>

In addition to re-examination, the Commissioner has a separate power to revoke acceptance of a standard patent application or certification of an innovation patent. This may be done if the Commissioner is satisfied that the application should not have been accepted and it is reasonable in all the circumstances to revoke acceptance or certification.<sup>23</sup> This power is used to address administrative errors, rather than substantive grounds for patentability, and is not discussed further in this paper. No changes are proposed to this provision at this stage.

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<sup>18</sup> *Patents Act 1990*, ss [97\(1\) - \(2\)](#) and [101G\(1\)\(b\)](#).

<sup>19</sup> *Patents Regulations 1991*, Schedule 7, Part 2, [item 210](#).

<sup>20</sup> *Patents Act 1990*, ss [98-99](#); *Patents Regulations 1991*, r [9.3](#), [9.4\(2\)\(b\)](#). Unlike the applicant/patentee, the requestor does not have a right to comment under the legislation, but is given an opportunity in practice.

<sup>21</sup> *Patents Act 1990*, ss [100A](#) and [101\(2\)](#).

<sup>22</sup> *Patents Act 1990*, s [100A\(2\)](#), [101\(2\)](#).

<sup>23</sup> *Patents Act 1990*, ss [50A\(1\)](#) and [101EA\(1\)](#).

## *Trade Marks*

The *Trade Marks Act 1995* does not provide a full re-examination process like that for patents. However, there are mechanisms for the Registrar to revoke accepted trade marks<sup>24</sup> and some registered trade marks.<sup>25</sup> Revocation can arise from requests from third parties, internally, convention priority claims and notices of opposition. There is no fee for requesting revocation of acceptance or registration. If a trade mark is revoked, it is then re-examined as a trade mark that has not been accepted / registered.

The Registrar may revoke acceptance or registration if she is satisfied that the trade mark should not have been accepted/registered, taking into account all the circumstances that existed at the time, and that it is reasonable to do so.

If the Registrar considers that acceptance should be revoked, IP Australia advises the trade mark owner in writing and allows him or her to make submissions and be heard on the matter.<sup>26</sup> A third party that requested revocation of acceptance is informed of the result of the process, but does not have a right to be heard. If the Registrar considers that registration should be revoked, the owner and any person claiming an interest in the trade mark must be notified and have an opportunity to be heard.<sup>27</sup>

The Registrar can only revoke a registered trade mark within 12 months of the registration date.<sup>28</sup> In deciding whether it would be reasonable to revoke the registration, the Registrar can consider any relevant circumstances, including any use that has been made of the trade mark subsequent to the registration.<sup>29</sup>

There is no obligation for the Registrar to act on a request for revocation from a third party.<sup>30</sup> Revocation of registration was introduced as an administrative mechanism to undo registration: it is not for dealing with ownership disputes between parties, or for parties to pursue de facto oppositions after the trade mark has been registered.<sup>31</sup>

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<sup>24</sup> *Trade Marks Act 1995*, s [38\(1\)](#).

<sup>25</sup> *Trade Marks Act 1995*, s [84A\(1\)](#).

<sup>26</sup> [Trade Marks Office Manual of Practice and Procedure](#), Parts 38.1, 38.3.

<sup>27</sup> *Trade Marks Act 1995*, ss [84A\(4\)](#) and [\(5\)](#); [Trade Marks Office Manual of Practice and Procedure](#), Part 62.3.

<sup>28</sup> *Trade Marks Act 1995*, s [84A\(4\)](#).

<sup>29</sup> *Trade Marks Act 1995*, s [84A\(3\)\(a\)](#).

<sup>30</sup> *Trade Marks Act 1995*, s [84A\(6\)](#).

<sup>31</sup> [Explanatory Memorandum](#), *Intellectual Property Laws Amendment Bill 2006* (Cth), paragraphs 47-49.

## *Designs*

Designs are registered on completion of a formalities check, without being substantially examined for whether it is new and distinctive. After registration, substantive examination only occurs if the owner or a third party requests examination or the Registrar decides on her own initiative to examine. There is no formal re-examination process for designs. However, it is possible for a design that has been examined and certified to be examined again on request or on the Registrar's initiative.<sup>32</sup> Such 'subsequent' examinations are rare.

The scope and processes of the subsequent examination is the same as the initial examination. The owner and requestor (where a third party has requested examination) are given IP Australia's initial report and both have an opportunity to respond.<sup>33</sup> If the Registrar considers that a design should be revoked, the owner and the requestor are given a written notice. The owner is also given an opportunity to respond and/or amend the design. A design must not be revoked unless the owner has had a reasonable opportunity to be heard.<sup>34</sup> The fee for a subsequent examination is the same as for the first examination: generally the registered owner and the person requesting the examination must pay \$210 each.

## *Plant Breeder's Rights*

Like trade marks and designs, PBR does not have specific provisions for re-examination. The *Plant Breeder's Rights Act 1994* allows for revocation of a granted PBR.<sup>35</sup> This allows the Secretary on her own initiative or on request of a third party to revoke a granted PBR if she is satisfied that facts exist that would have prevented grant if they were known during examination, or that parties had not complied with certain requirements.<sup>36</sup> The Secretary must not revoke a PBR without first informing the grantee and giving him or her the opportunity to respond.<sup>37</sup> If the Secretary decides not to revoke a PBR in response to a request, the person who made the request is informed.<sup>38</sup> The fee for requesting revocation is \$500.

Revocation of accepted PBR applications is not available as this is dealt with through an opposition process. Once an application is accepted and the detailed description of the variety is published, other parties have 6 months to object to the grant of the PBR. The Secretary may then grant the PBR, taking into account any objections.<sup>39</sup>

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<sup>32</sup> *Designs Act 2003*, s [63\(1\) - \(2\)](#).

<sup>33</sup> [Designs Examiners' Manual of Practice and Procedure](#), Part 2, D03.15.

<sup>34</sup> *Designs Act 2003*, ss [66](#), [68](#). *Designs Regulations 2004*, r [5.03](#).

<sup>35</sup> *Plant Breeder's Rights Act 1994*, s [50](#).

<sup>36</sup> *Plant Breeder's Rights Act 1994*, ss [50\(2\)](#), [50\(8\)](#).

<sup>37</sup> *Plant Breeder's Rights Act 1994*, s [50\(4\)](#).

<sup>38</sup> *Plant Breeder's Rights Act 1994*, s [50\(10\)](#).

<sup>39</sup> *Plant Breeder's Rights Act 1994*, s [34](#), [35](#), [44](#).

## Problems

There are a number of issues with the current review provisions.

### *Alignment of legislation and processes*

The review mechanisms of the different IP rights essentially have the same purpose: to enable reconsideration of an accepted application or a granted IP right without the expense and delay of bringing formal opposition or court proceedings. However, the legislation and practices governing the review mechanisms vary between the rights in a number of aspects:

- the formal steps in the process – re-examination and/or revocation
- the Office's discretion to refuse, or to refuse to consider, a request for review
- the costs of the review and the payment of fees
- the involvement of the third party requestor in the review process (i.e. whether they are provided with a copy of the report/reasons and have a right to be heard).

Unnecessary differences create inefficiencies for users who must become familiar with different processes and terminology. They also increase administration costs for IP Australia.

### *Clarity of patent processes*

While the patents review process clearly identifies the re-examination and revocation stages, some aspects of the process are impractical or unclear.

First, the patents legislation is framed in terms of the Commissioner providing a single report and the applicant / patentee and third party requestor each having only one opportunity to respond.<sup>40</sup> In practice, difficult re-examination cases may take multiple reports and responses to adequately resolve all outstanding issues.

Second, the timeframes and means by which issues must be resolved are not clear. For re-examinations of granted patents, the legislation does not specify when the process is completed. IP Australia nevertheless considers this to be once a report is issued and the owner provides a statement in response or amendments are allowed. This means that any further reports on the matter are actually new re-examination actions.<sup>41</sup> For re-examinations of accepted applications, a complex number of factors determine when these are completed.<sup>42</sup>

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<sup>40</sup> *Patents Act 1990*, ss [98-99](#), [101G\(2\)\(b\)](#), [101H](#), [107](#); *Patents Regulations 1991*, r [9.4](#).

<sup>41</sup> [Patent Office Manual of Practice and Procedure](#), Part 2.22.6.2.

<sup>42</sup> *Patents Regulations 1991*, r [9.5](#).

These requirements are unclear and can result in re-examination being technically completed with issues remaining outstanding.<sup>43</sup> Progressing too quickly to revocation may result in Court action that is expensive and onerous for all parties.

Third, a third party requester should have the right to participate in a revocation hearing, however the legislation does not explicitly provide for this.

#### *Awareness of review options and fee structure*

Another issue is that stakeholders may not be aware that certified designs may be examined again under the general examination provisions. This means that third parties may not be using the review mechanism to their full advantage.

Additionally, the fee structure for a subsequent examination may be unfair. An owner of a registered design may end up paying for an initial examination and then having to pay half of a subsequent examination requested by a third party. It is arguable that the third party should pay the full fee for the subsequent examination, as occurs for patents and PBR.

#### *Period to review registered trade marks*

The fourth issue is whether there is sufficient scope to review trade marks that clearly should not be on the register. As noted above, revocation cannot be considered more than 12 months after registration. This limitation is primarily to provide certainty to the owner of the trade mark. However, once the 12 months has passed, a third party or the Registrar could only have a trade mark removed by seeking cancellation through the courts. The cost of this may deter many third parties. This is in contrast to patents and designs where there is no time limit on when review may be conducted. However, while there is potential for the 12 month limit in trade marks to be a problem, firm evidence is limited.

## **Options**

Some of the following options address specific issues and could be combined.

#### *Option 1 – no change*

The existing review provisions would continue to apply.

#### *Option 2 – extend the period for trade mark revocation*

The period in which trade marks revocation can be sought under s [84A\(4\)](#) would be extended to, for example, two to five years from registration.

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<sup>43</sup> [Patent Office Manual of Practice and Procedure](#), Part 2.22.6.1.

*Option 3 – amend the fees for subsequent design examinations*

This option would address a specific issue for designs. The whole examination fee for second and subsequent design examinations would be paid by the person requesting examination. The owner would not pay any fee. IP Australia would also provide the public with more information on the availability of subsequent examinations, to ensure that third parties are aware that they can request that a certified design be examined again.

*Option 4 – formal re-examination process for all rights and improve patent processes*

Refine the patents re-examination process and amend the trade marks, designs and PBR legislation to substantially align the review process with patents, while still accounting for important differences between the rights.

For trade marks, designs and PBR, the main features of the process would be:

- After an initial examination, a re-examination could be conducted either at the request of a third party or on the Registrar's / Secretary's initiative.
- If requested, the Registrar may decide to re-examine an accepted application, but the Registrar / Secretary must re-examine a registered/ certified/ granted right.
- Re-examination of trade marks would only be available up to 12 months from registration, as currently.
- A fee would be payable by a party requesting post-registration/ grant re-examination. The amount would take into account the cost to IP Australia and the desire to encourage parties to use alternatives to court action where possible. IP rights owners would not incur a fee. (This feature includes option 3 for designs).
- The Registrar / Secretary would consider the same grounds during re-examination as considered during examination.
- The Registrar / Secretary would issue a report to the applicant / owner and a copy to any third party requestor.
- For trade marks and designs, the applicant / owner and any third party requestor would have one opportunity each to respond to the re-examination report. No such limit would apply for PBR.
- Re-examination may be followed by revocation, according to the current criteria. This would essentially reverse the current process for trade marks.
- Accepted and registered rights would not be revoked without the owner and interested parties having an opportunity to be heard.

For patents, the main changes would be:

- allowing multiple examination reports and responses to reports, to reflect the complexity of the issues involved
- introducing a six month time limit for completion of a re-examination after the first re-examination report<sup>44</sup>
- if the applicant requests leave to amend in anticipation or response to a re-examination report, re-examination would proceed on the basis of the specification as proposed to be amended. If appropriate, leave to amend would be granted after all grounds of objection have been overcome by the proposed amendments.
- if grounds of objection are not overcome within six months or amendments are subsequently refused after opposition, the Commissioner will proceed to consider revocation
- third parties who have requested re-examination would have an explicit right under the legislation to participate in a revocation hearing.

For designs, option 4 would involve formally naming subsequent examinations as re-examinations and having the requestor pay the entire fee. Similarly for PBR, this option would essentially re-name the current revocation process as re-examination and revocation, without any substantive change.

The main features of the new re-examination process are set out in detail in Table 3 below.

### **Proposal**

Option 4 is preferred. This option would increase transparency of the review processes and the decisions made. A formal, substantially aligned process would be simpler for stakeholders who operate across multiple rights to understand and work with. It would also reduce IP Australia's administration costs. The re-examination process would be kept contained by limiting revocation to the grounds that currently apply and only giving parties limited opportunities or time to respond to a re-examination report.

The patent re-examination process would be improved by aligning it with the approach for examination<sup>45</sup> and ensuring procedural fairness for third party requestors. This would reduce uncertainty and delay for all parties.

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<sup>44</sup> Except where a hearing is requested or court proceedings initiated, which would 'stop the clock' on the six month period.

<sup>45</sup> *Patents Act 1990*, s [49](#).

For the trade marks process, the Registrar would keep the discretion to re-examine applications to enable her to take into account whether a matter is under opposition or before the courts. A fee would not be charged to re-examine applications to reflect this discretion.

Requiring the Registrar of Trade Marks to act on post-registration requests for re-examination would make the process and decision making more transparent for stakeholders. A fee for post-registration requests would increase costs for third parties, but would be consistent with cost-recovery principles. It would also discourage inappropriate requests, such as those relating to reputation and bad faith, which can be considered under the opposition process.

For designs and PBR it would be clearer to all parties what review process is available and how it operates. Design owners would no longer have to pay a fee when another party requests a subsequent examination.

Option 2 would allow for review of trade marks in those instances where revocation may be appropriate after 12 months from registration. It would also align trade marks more with the other rights. However, increasing the period during which a trade mark could be revoked would increase uncertainty for business over registered trade marks.

Option 3 would reflect that the designs owner has already paid for the initial examination and would align the designs fees with those for patents and PBR. Providing more information to customers about the availability of subsequent examinations may encourage more use of the system, but would not improve the transparency of the process.

**Table 3: Summary of Proposal**

Changes from current law or practice are **in bold**.

<i>Feature</i>	<i>Standard Patent</i>	<i>Innovation Patent</i>	<i>Trade Marks</i>	<i>Designs</i>	<i>PBR</i>
<i>Post-acceptance-pre-grant/registration re-exam and revocation of acceptance:</i>					
Formal re-exam process	Yes	No	<b>Yes</b>	No	No
Timeframe	Between acceptance and grant	N/A	Between acceptance and regist'n	N/A	N/A
Available on request	No	N/A	Yes	N/A	N/A
Available on the Commissioner's / Registrar's / Secretary's 'own motion'	Yes	N/A	Yes	N/A	N/A
Commissioner/Registrar has discretion whether to consider request	N/A	N/A	Yes	N/A	N/A
Commissioner/Registrar must respond to all requests	N/A	N/A	<b>Yes</b>	N/A	N/A
Grounds same as for examination	Yes	N/A	Yes	N/A	N/A
Fee charged	No	N/A	No	N/A	N/A
Right of response from requestor and/or IP owner	Yes	N/A	<b>Yes</b>	N/A	N/A
Owner &/or requestor notified of decision	Yes	N/A	Yes	N/A	N/A
<i>Post-grant/post-registration re-exam and revocation of grant/registration:</i>					
Formal re-exam process	Yes	Yes	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Timeframe	From grant onwards	From cert'n onwards	To 12 mths from regist'n	From reg'n onwards	From grant onwards
Available on request	Yes	Yes	Yes	Yes	Yes
Available on the Commissioner's or Registrar's 'own motion'	Yes	Yes	Yes	Yes	Yes
Commissioner/Registrar has discretion whether to consider request	No	No	<b>No</b>	No	No
Commissioner/Registrar must respond to all requests	Yes	Yes	<b>Yes</b>	Yes	Yes
Grounds same as for examination	Yes	Yes	Yes	Yes	Substantially
Fee charged to owner and requestor for 'initial' examinations	N/A	Yes \$250 each	N/A	Yes \$210 each	N/A
Fee charged to requestor only for 'subsequent' examinations	Yes \$800	Yes \$800	<b>Yes</b> <b>\$ TBC</b>	<b>Yes</b> <b>\$420</b>	Yes \$500
Right of response from requestor and/or IP owner, notified of decision	Yes	Yes	Yes	Yes	Yes
Third party requestor has right to participate in revocation hearing	<b>Yes</b>	N/A	No	N/A	N/A
Clarify and improve re-examination process – allow multiple reports and responses, six month limit unless hearing requested.	<b>Yes</b>	No	No	No	No

### 3. Extensions of time

#### Background

Stakeholders can apply to IP Australia to extend a number of periods in the IP legislation.<sup>46</sup> Extensions provide stakeholders who have not completed a certain action within the deadline with more time to do so, where the circumstances warrant it. Some extensions are required under international treaties.<sup>47</sup> Extensions of time need to balance the interests of IP applicants and rights owners, who may risk losing their rights by not completing actions on time, with the interests of third parties, who need certainty about whether IP rights are in force.

In most cases applicants apply for extensions of time using prescribed forms, pay late fees and submit a signed declaration setting out the reasons for not meeting the deadline. Applications for extensions of over three months must be advertised unless the Commissioner or Registrar is satisfied that they would not be granted<sup>48</sup> and they may be opposed by other parties. While patent, trade mark and design extensions apply to a broad range of statutory actions and circumstances,<sup>49</sup> PBR extensions are available for only a limited number of actions. Some extensions are discretionary, in that the Commissioner or Registrar *may* grant the extension if the criteria are satisfied. Other extensions are non-discretionary, in that the Commissioner or Registrar *must* grant the extension if the criteria are satisfied. Table 4 on the following page summarises the extensions of time currently available for each IP right.

It should be noted that Proposal 14 (see page 66) is to reduce the acceptance period for trade marks from 15 months to six months and to abolish 'easy' extensions for which no justification is required from the applicant. Around 12% of trade mark applications take over six months to be accepted. If Proposal 14 is implemented, there may be an increase in requests for extensions to the trade marks acceptance period, at least in the initial period while applicants familiarise themselves with the new timeframes.

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<sup>46</sup> Extensions of time to file evidence during opposition proceedings are outside the scope of this proposal. Those provisions were only recently changed as part of the [Intellectual Property Laws Amendment \(Raising the Bar\) Act 2012](#) and [associated regulations](#), and the effectiveness of those changes is still being assessed.

<sup>47</sup> [Article 14\(2\)](#) of the *Singapore Treaty on the Law of Trademarks*; [Article 12](#) of the *Patent Law Treaty*; PCT Rule [26bis.3\(a\)](#); UPOV Articles 6, 9, and 21.

<sup>48</sup> *Patents Act 1990*, s [223\(6A\)](#); *Designs Act 2003*, s [137\(6\)](#). This exception is not provided in the Trade Marks Act, but is office practice.

<sup>49</sup> Actions that are excluded from the general extensions include certain opposition actions, requesting renewal of a trade mark and those relating to the registration of patent and trade mark attorneys.

**Table 4: Current extensions of time**

<b>Extension type</b>	<b>Patents</b>	<b>Trade Marks</b>	<b>Designs</b>	<b>PBR</b>
<b>Error or omission by agency</b> Non-discretionary No time limit No fee Not advertised or able to be opposed by third parties	Yes	Yes	Yes	No
<b>Error or omission by applicant / owner</b> Discretionary No time limit Extensions over 3 months are advertised and may be opposed by third parties Fee of \$100 per month	Yes	Yes	Yes	No
<b>Circumstances beyond control of applicant / owner</b> Discretionary No time limit Extensions over 3 months are advertised and may be opposed Fee of \$100 (\$100 per month for trade marks)	Yes	Yes	Yes	No
<b>Despite due care taken by applicant / owner</b> Non-discretionary Limited to a period of 12 months or less Extensions over 3 months are advertised and may be opposed Fee of \$100 per month	Yes	No	No	No
<b>Special circumstances</b> Discretionary No time limit Extensions over 3 months are advertised and may be opposed Fee of \$100 per month	No	Yes	No	No
<b>Extension for certain PBR acts</b> No time limit No advertising or opposition process No fee	No	No	No	Yes

#### *Error or omission by agency*<sup>50</sup>

This extension ensures that applicants and owners are not disadvantaged by errors made by IP Australia, and in the case of patents, by the World Intellectual Property Organization. This extension does not have to be requested by a stakeholder.

#### *Error or omission by the applicant / owner*<sup>51</sup>

This extension is for when a deadline is missed because the applicant, owner or their agent made an error or omission. The customer must demonstrate that they intended to do an act and accidentally did not, rather than they made a deliberate decision at the time to not do the act.

#### *Circumstances beyond the control of the applicant / owner*<sup>52</sup>

This extension covers a range of circumstances where a person's ability to meet a time limit is out of their control, for example, postal delays or natural disasters.<sup>53</sup>

#### *Despite due care by the applicant / owner*<sup>54</sup>

This extension is only available for patents and was introduced to ensure Australia complies with international patent treaties.<sup>55</sup> Although this extension is non-discretionary, it is available in more limited circumstances than error or omission by the applicant. The person concerned must demonstrate that they had appropriate systems in place and did everything that could reasonably be expected to ensure the act was done in time.<sup>56</sup>

#### *Special circumstances*

This extension is only available for trade marks and covers situations such as relevant pending actions, illness, bankruptcy and particular difficulty in finalising negotiations.<sup>57</sup>

#### *Extension for certain PBR acts*

The PBR legislation provides extensions at the Secretary's discretion for only the following three actions:

- giving a detailed description of the plant variety to IP Australia<sup>58</sup>

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<sup>50</sup> *Designs Act 2003*, s [137\(1\)](#); *Trade Marks Act 1995*, s [224\(1\)](#); *Patents Act 1990*, s [223\(1\)](#).

<sup>51</sup> *Designs Act 2003*, s [137\(2\)\(a\)](#); *Trade Marks Act 1995*, s [224\(2\)\(a\)](#); *Trade Marks Regulations 1995*, r [5.9](#), [9.11](#), [17A.34C](#), [17A.48M](#); *Patents Act 1990*, s [223\(2\)\(a\)](#).

<sup>52</sup> *Designs Act 2003*, s [137\(2\)\(b\)](#); *Trade Marks Act 1995*, s [224\(2\)\(b\)](#); *Patents Act 1990*, s [223\(2\)\(b\)](#).

<sup>53</sup> *Patent Office Manual of Practice and Procedure*, Part 3.11.1.3.3; *Trade Marks Office Manual of Practice and Procedure*, Part 15.5.2.

<sup>54</sup> *Patents Act 1990*, s [223\(2A\)](#).

<sup>55</sup> *Patent Law Treaty*, [Article 12](#); *Patent Cooperation Treaty*, [Rule 26bis.3\(a\)](#).

<sup>56</sup> *Patent Office Manual of Practice and Procedure*, Part 3.11.1.4.

<sup>57</sup> *Trade Marks Office Manual of Practice and Procedure*, Part 15.5.3.

<sup>58</sup> *Plant Breeder's Rights Act*, s [34\(1\)](#).

- objecting to an application that a variety be declared an essentially derived variety,<sup>59</sup> and
- providing an answer to an objection to an application for PBR.<sup>60</sup>

The first type is the most common extension granted in PBR because it often takes more than 12 months to grow a particular variety and so provide a full description of it.

## Problems

There are three broad issues with extensions of time.

### *A. Alignment and complexity*

The first issue is that there are a number of differences between the IP rights which create unnecessary complexity for customers and increase administration costs for IP Australia:

- The limited extensions for PBR means that PBR owners are disadvantaged compared to other IP rights owners. They have a higher risk of losing their rights due to no fault of their own, such as by not paying fees on time due to a personal illness or an administrative error by IP Australia. Also, the criteria for granting extensions are not as transparent in PBR as for the other rights, as no criteria are set out in the PBR legislation and there is no publication or opposition process.
- The large number and different types of extensions available for each of the IP rights creates complexity for customers and IP Australia, as it has to be determined which extension is applicable and what evidence is necessary in support of the request.
- The scope of the trade marks extension for circumstances beyond control is not aligned with that for patents and designs. While the patents and designs extension for circumstances beyond control covers situations like illness and pending actions, in trade marks these situations are covered by special circumstances instead.
- The scope and differences between the trade mark extensions for circumstances beyond control and special circumstances are not clear. Special circumstances is the most used extension in trade marks, accounting for over 90% of all general extensions requested by trade mark applicants. Sampling shows that a large proportion of these could have been granted under circumstances beyond control instead. This indicates that the special circumstances extension is not always being used as originally intended.

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<sup>59</sup> *Plant Breeder's Rights Act*, s [40\(8\)\(b\)](#).

<sup>60</sup> *Plant Breeder's Rights Act*, s [44\(6\)](#).

- Extensions to renewal dates and renewal grace periods are not aligned<sup>61</sup> and are partly redundant.<sup>62</sup> Patents and designs allow extensions to both renewal dates and renewal grace periods. Trade marks allow extensions to renewal dates but not grace periods. PBR does not allow extensions to renewal dates and does not have a renewal grace period, noting that Proposal 1 is to introduce one.
- There are differences in late fees across the IP rights. No fees are charged for any PBR extensions. The fee for a trade marks extension for circumstances beyond control is \$100 per month, while it is a flat \$100 for patents and designs.
- For patents and designs, IP Australia is not required to advertise applications for extensions that are unlikely to be granted.<sup>63</sup> However, this practice is not supported by the trade marks legislation.

#### *B. Balancing the interests of all parties*

The second issue is the impact of long extensions of time on third parties.

- Long extensions can be obtained for errors or omissions by applicants and owners. For example, for patents around 87% of such extensions are for 12 months or less, 10% for 13 to 24 months and 3% are for over 24 months.<sup>64</sup> Long extensions create uncertainty and opportunity costs for third parties who want to know their freedom to operate. Where the status of an IP right is not resolved for a long period, third parties have to make difficult and potentially costly choices. These include negotiating with the IP owner for the authority to use the protected content, postponing or forgoing business opportunities, or using the protected content and risk infringing the IP right. It is arguable that long extensions should not be available simply because the applicant or owner made an error or omission.
- Similarly, given that a six month grace period is already available for patent, trade mark and design renewals, extensions to this period can lead to long periods of uncertainty for third parties over whether an IP right is in force.

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<sup>61</sup> Patents, trade marks and designs owners are able to pay continuation and renewal fees up to six months after the due date, provided late fees are paid.

<sup>62</sup> Because extending a grace period has the same effect as extending a renewal date.

<sup>63</sup> *Patents Act 1990*, s [223\(6A\)](#); *Designs Act 2003*, s [137\(6\)](#).

<sup>64</sup> IP Australia estimates.

#### *D. Administrative burden*

The third issue is the administrative burden placed on customers and IP Australia.

- A significant number of short extensions involve a disproportionate amount of administrative work for customers and IP Australia. Short extensions rarely have a significant impact on third parties, yet require the same assessment by IP Australia as long extensions. In trade marks, it is common for customers to request multiple short extensions of one month rather than a single longer extension. Also, it is common for IP Australia to not have enough time to consider a request for an extension, and for customers to not perform the required action, until the period requested has passed. In such cases IP Australia has to inform the requestor that a longer period must be requested and a larger fee paid. This process can sometimes be repeated and causes unnecessary costs and delays.
- The 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. For example, IP Australia has to take into account a large number of legal principles and considerations when deciding whether to apply the discretion in regards to patent extensions.<sup>65</sup> This complicates and can increase the cost of the process for all parties while adding little value.

#### **Options**

The main options are outlined below. Some of these options relate to more than one of the broad issues.

##### **A. Alignment and complexity**

###### *Option A1 - No change*

This option would have no net benefit. Stakeholders would not have to become familiar with changes to the system, however the problems identified above would persist.

###### *Option A2 - Align PBR extensions of time with those of other IP rights*

This option would involve replacing the current specific extensions for PBR with the general extensions that are available for patents. These would be made available for more (but not all) PBR periods, such as renewal dates.

Aligning PBR extensions with the other IP rights would reduce the risk of PBR owners losing their rights or incurring costs through no fault of their own. It would also enable IP Australia to streamline its processes across the four IP rights. However, this option could increase the time it takes to resolve some PBR applications. This may increase uncertainty for third parties who want to know whether a PBR is in force.

*Option A3 - Combine the 'error or omission by the applicant/owner' and 'circumstances beyond applicant/owner control' extensions*

This option involves replacing these two extensions with a single extension for 'failure to do the act within the period was unintentional'. This is the terminology used in some international treaties.<sup>66</sup> The intention would be that extensions would continue to be granted for the situations that are currently covered by error or omission by the applicant/owner and circumstances beyond control. Reducing the number of extension types available would reduce complexity for applicants and enable IP Australia to streamline its processes.

However, there would be significant uncertainty for stakeholders on the exact scope of the new extension until a new body of IP Australia decisions and case law has developed. There would also be a risk that the new extension may not encompass all the scenarios currently covered. Also, combining the two extension types would remove the ability to charge a lower fee where the circumstances were beyond the control of the applicant or owner, as currently occurs in patents and designs.

*Option A4 – Specify the grounds for the 'special circumstances' extension in the trade marks legislation and align circumstances beyond control across the rights*

This option would involve modifying and clarifying the scope of the trade mark extensions for circumstances beyond control and special circumstances. This would include:

- amending the trade marks legislation to provide a non-exclusive list of examples of situations covered by special circumstances, and
- ensuring that extensions are granted consistently for circumstances beyond control.

This option would better align the IP rights, result in more appropriate use of trade mark extensions and make the decision making for the special circumstances extension more transparent. If an applicant or owner applied for the wrong type of extension, IP Australia would grant the correct extension without the need for a new request, provided the correct fees are paid.

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<sup>66</sup> [Patent Law Treaty](#), Article 12(1)(iv); [Patent Cooperation Treaty](#), [Rule 26bis.3\(a\)](#).

Customers and IP Australia would benefit from a clearer, more aligned system. However, the clarifying of special circumstances may result in some applicants and owners not obtaining extensions for situations that are currently covered.

*Option A5 - Allow extensions of time for renewal grace periods but not renewal dates, for all IP rights*

Allowing extensions of time for renewal grace periods but not renewal dates would remove redundancy, align the IP rights and minimise the fees for trade mark owners seeking extensions because they would only need to pay for an extension from the end of the grace period, rather than from the renewal date. PBR applicants and owners would particularly benefit for the reasons outlined in option A2. However, third parties would continue to experience potentially long periods of uncertainty over whether an IP right will be renewed.

*Option A6 - Have the 'despite due care' extension available for all IP rights and have no limit on the period of the extension*

This option would further align the extensions available for the IP rights. The despite due care extension requires a higher standard of evidence than the extensions currently available in trade marks and designs. Therefore if this option was introduced on its own, it is likely to be little used. However, this option could be combined with Option B2 below, which is to limit extensions for error or omission by the applicant to 12 months. This combination would mean that extensions for longer than 12 months would be available but require a higher threshold such as despite due care. The costs and benefits of this are discussed under Option B2.

## **B. Balancing the interests of all parties**

*Option B1. No change.*

Applicants and owners would continue to be able to obtain lengthy extensions where they made an error or an omission or to renew their right.

*Option B2 - For all rights, limit the 'error or omission by applicant/owner' extension to 12 months*

Under this option, extensions of over 12 months would only be available where there were circumstances beyond the person's control or they had exercised due care. This option could be combined with Option A6. This option would provide a better balance between the interests of applicants and owners and those of third parties.

Applicants and owners seeking an extension of over 12 months may face increased costs by having to provide additional evidence to demonstrate that the extension is warranted. There is also a risk that some applicants and owners may lose their IP rights because they are unable to meet the higher threshold, at least until stakeholders adapt to the new requirements. Unrepresented trade mark and design owners may be particularly at risk, due to these

customers being less familiar with the IP system and the longer periods between renewals (10 and five years respectively) increases the risk that they do not update their address details.

*Option B3 - Raise the threshold required to obtain an extension of time for the renewal date and/or renewal grace period*

Under this option, any extension of time to the renewal date and/or the renewal grace period would not be available where the applicant/owner merely made an error or omission. The requestor would have to demonstrate that the deadline was missed because there were circumstances beyond their control or despite them exercising due care.

The reasoning would be that a six month grace period is already available for paying renewal fees, so further extensions should be more difficult to obtain. It is arguable that this may not be reasonable for trade mark and design owners because of the long periods between renewals and a large proportion are unrepresented and so less familiar with the IP system. Limiting the proposal to patents and PBR applicants and owners would address this, but result in the IP rights not being aligned.

This option would benefit third parties by reducing the number of renewal extensions obtained and therefore uncertainty about whether an IP right is in force. However, applicants and owners would incur costs in ensuring they renew on time, such as by using commercial annuity services, and in some cases they may lose their IP right.

### **C. Administrative burden**

*Option C1 – No change*

Under this option the current administrative burdens would remain for short extensions and discretionary extensions.

*Option C2 – Streamlined process for short extensions of time*

Under this option, for all IP rights and for all extensions of time (except for those due to error or omission by the agency), requests for extensions of three months or less would follow the following streamlined process:

- IP Australia would grant the request without assessing the declaration, although a declaration would still be required
- the granted extension would be advertised
- other parties would have a period of one or two months in which to object and request revocation of the extension
- if a party objects, IP Australia would assess the declaration and consider revoking the extension.

Extensions of over three months would continue to follow the current process. That is, if IP Australia considers that an extension may be granted, it advertises the request and provides third parties with an opportunity to oppose the extension, before it is granted. This would involve amending the trade marks legislation to align it with the other rights provide the Registrar with the discretion to not advertise requests that are unlikely to be granted.

This option would streamline the process for the majority of extensions with minimal impact on the interests of third parties. Maintaining the requirement for a declaration from the applicant or owner for short extensions would enable an assessment to be made of whether the extension is justified, if necessary. Longer extensions would continue to be assessed before being granted to reflect the more significant impact these can have on third parties and to maintain the accuracy of the Registers. This option also further aligns PBR with the other rights by introducing an advertising and opposition process for PBR extensions.

However, where an extension is successfully opposed, the status of an IP right may have to be changed on the Register and online databases, creating some confusion. There is also a risk that the sufficiency of declarations for short extensions may decline because applicants and owners would know they are not routinely assessed by IP Australia and the extensions are unlikely to be opposed by third parties.

#### *Option C3 - Simplify and align fees*

Under this option, IP Australia would charge a set fee (eg. \$100) for extensions of up to three months. Extensions of over three months would be charged a set fee for the first three months, plus a monthly fee after that (eg. \$100 plus \$100 per month in excess of three months). The exact fee would be determined during IP Australia's next fee review in 2015-16.

The exception to this would be for extensions due to circumstances beyond the control of the applicant/owner, where a set fee would be charged regardless of the period. For certain PBR actions, no fee would be charged. This would reflect the unique circumstances faced by PBR applicants and owners, such as growing trials necessarily taking more than 12 months.<sup>67</sup>

As the majority of extensions are for periods of three months or less, customers would benefit by spending less time working out what fee to pay. This option would also significantly reduce the number of inadequate requests and fee payments made, reducing the administrative burden on customers and IP Australia. This option would particularly benefit unrepresented individuals and SMEs who are less familiar with the IP system. Retaining a fee for short extensions would encourage customers to perform actions on time.

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<sup>67</sup> *Plant Breeder's Rights Act 1994*, s [34\(1\)](#).

However, there would be some cost to PBR applicants and owners, who are not currently charged a fee for extensions. This could be balanced by them having access to extensions for additional matters, as discussed in Option A2.

*Option C4 – Make all extensions of time non-discretionary*

This option would involve amending the legislation so that the Commissioner or Registrar must grant all extensions where the criteria have been satisfied. This option would clarify and simplify the decision making process, increase certainty about whether extensions will be granted and reduce costs for stakeholders and IP Australia. However, as a small number of extensions would be granted that would not have under the discretionary system, third parties may face increased costs.

**Proposal**

At this stage, a combination of the following options is proposed:

- 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 extensions of time non-discretionary.

Table 5 summarises the proposal.

**Table 5: Extension of time proposal**

<b>Extensions available</b>				
<b>Type of Extension</b>	<b>Patents</b>	<b>Trade Marks</b>	<b>Designs</b>	<b>PBR</b>
Error or omission by office - No discretion - No limit	Yes			
Error or omission by applicant - No discretion - Limited to 12 months	Yes			
Circumstances beyond control - No discretion - No limit	Yes			
Despite due care - No discretion - No limit	Yes			
Special circumstances - Grounds set out in the legislation - No discretion - No limit	No	Yes	No	No
Extension for renewal date	No			
Extension for renewal grace period	Yes			
<b>Process</b>				
Error / omission by IP Australia	As currently – no advertising or opposition process			
All other extensions = < 3 months	Streamlined – IP Australia does not assess declaration, granted, advertised, objection period, revocation considered.			
All other extensions > 3 months	As currently - IP Australia assesses declaration, application advertised, opposition to grant period.			
<b>Fees</b>				
Extension of up to 3 months	Set fee (eg. \$100)			
Extension over 3 months	Per month (eg. \$100 + \$100 per month over three months) except circumstances beyond control has a set fee.			
Error / omission by IP Australia	No fee			
PBR certain extensions	No fee			

The proposal would:

- provide PBR applicants and owners with a wider range of actions that can be extended
- substantially align the extension of time provisions across the IP rights, while retaining differences where necessary
- better balance the interests of applicants/owners and third parties
- remove redundant extensions
- clarify the circumstances covered by some extensions
- make the application and decision making process more transparent
- simplify the process and fees for the majority of extensions.

However, there would be some costs to stakeholders:

- customers would have to become familiar with the new arrangements
- applicants and owners would be required to meet a higher threshold to obtain extensions over 12 months. Unrepresented trade mark and design applicants and owners may have a higher risk of losing their rights
- third parties may face increased uncertainty over PBR rights and rights for which IP Australia's discretion would have been used
- customers requesting extensions for some PBR extensions would have to pay a fee.

## 4. Writing requirements

### Background

IP Australia's legislation contains a number of requirements for certain actions to be done in writing.

#### *Deciding to certify an innovation patent*

Following substantive examination of an innovation patent, the Commissioner must decide whether the patent meets the relevant criteria. Section [101E\(1\)\(a\)](#) of the Patents Act requires the Commissioner to 'decide *in writing*'. This is in contrast with the other rights where a decision to accept, refuse, revoke or certify does not need to be made in writing.<sup>68</sup>

#### *Notifying the relevant person of the final outcome of examination and of grant or certification*

All four rights have provisions requiring the Commissioner/Registrar/Secretary to notify the applicant/patentee/registered owner (and any other relevant persons) of the final outcome of examination.<sup>69</sup> However, the requirements for notification differ across the four rights. The relevant people must be:

- 'notified in writing' for standard patents,<sup>70</sup> and trade marks<sup>71</sup>
- given a 'notice' for designs<sup>72</sup>
- given a 'written notice' for PBR<sup>73</sup>
- 'notified' for innovation patents.<sup>74</sup>

Similarly, the requirements to notify the relevant person about the grant or certification of a right differ between rights. Notification of the grant of a patent, simply requires that the Commissioner 'notify' the patentee.<sup>75</sup>

Other notification provisions (ie outside of examination) across the rights still require the notification to be in writing or for a certificate to be given to the relevant person.<sup>76</sup>

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<sup>68</sup> *Designs Act 2003*, s [67\(1\)\(a\)](#); *Patents Act 1990*, s [49\(1\)](#); *Plant Breeder's Rights Act 1994*, [30\(1\)](#); and *Trade Marks Act 1995*, s [33\(1\)](#).

<sup>69</sup> Ie whether the application will be accepted or refused/rejected or whether the innovation patent/registered design will be certified or revoked.

<sup>70</sup> *Patents Act 1990*, s [49\(5\)\(a\) and \(7\)](#).

<sup>71</sup> *Trade Marks Act 1995*, s [34\(a\)](#).

<sup>72</sup> *Designs Act 2003*, ss [67\(2\)](#) and [68\(2\)\(a\)](#).

<sup>73</sup> *Plant Breeder's Rights Act 1994*, s [30\(4\)\(a\) and \(5\)\(a\)](#).

<sup>74</sup> *Patents Act 1990*, ss [101E\(2\)\(a\)](#) and [101F\(2\)\(a\)](#).

<sup>75</sup> See for example *Patents Act 1990*, s [61\(3\)](#).

<sup>76</sup> See for example *Designs Act 2003*, s [45\(3\)](#); *Plant Breeder's Rights Act 1994*, s [44\(10\)](#); *Trade Marks Act 1995*, s [71\(b\)](#).

## **Problem**

There are two issues with the current requirements to do certain things in writing.

### *Deciding to certify an innovation patent*

First, the requirement to decide in writing is unnecessary. For the other rights the requirements are met by the examiner confirming in IP Australia's administrative system that they have considered all of the relevant issues and is satisfied that the application meets the necessary criteria. The applicant is then notified of the decision. There is no reason why the same requirements should not be sufficient for innovation patents.

### *Notifying the relevant person of the final outcome of examination, grant or certification*

Second, the difference in the notification provisions creates unnecessary complexity and rigidity in the legislation. There is no good reason for having different requirements across the rights.

## **Options**

### *Option 1 – no change*

Decisions under s [101E\(1\)\(a\)](#) would continue to need to be evidenced by writing.

Notification would continue to occur under the separate unaligned provisions.

### *Option 2 – remove requirement to do things in writing*

This would involve amending s [101E\(1\)\(a\)](#) of the Patents Act to remove the requirement for the Commissioner to decide on the relevant matters 'in writing'. A decision could be made by clicking on a button in IP Australia's systems and would be evidenced by the records of the system, rather than a written document.

It would also involve aligning the notification provisions for examination, grant and certification of designs,<sup>77</sup> standard patents,<sup>78</sup> PBR<sup>79</sup> trade marks<sup>80</sup> and innovation patents<sup>81</sup> to simply require notification. The Commissioner / Registrar / Secretary would only be required to 'notify' the relevant person of the outcome of examination. The means of notification would be left open to the Office. However, IP Australia intends to continue to provide written notification (noting that this includes electronic written communications<sup>82</sup>) for the foreseeable future, as stakeholders are likely to want some record of important decisions regarding their application or right.

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<sup>77</sup> *Designs Act 2003*, ss [67\(2\)](#) and [68\(2\)\(a\)](#).

<sup>78</sup> *Patents Act 1990*, s [49\(5\)\(a\)](#) and [\(7\)](#).

<sup>79</sup> *Plant Breeder's Rights Act 1994*, s [30\(4\)\(a\)](#) and [\(5\)\(a\)](#).

<sup>80</sup> *Trade Marks Act 1995*, s [34\(a\)](#).

<sup>81</sup> *Patents Act 1990*, ss [101E\(2\)\(a\)](#) and [101F\(2\)\(a\)](#).

<sup>82</sup> *Electronic Transactions Act 1999*, [s 9](#).

Other provisions requiring written notification or a certificate to be given to a person would be identified and amended to simply require notification, as appropriate.

### **Proposal**

At this stage, option 2 is preferred. Removing the writing requirement for deciding to certify an innovation patent will reduce system complexity and administrative burdens, without any impact on customers.

Aligning the notification requirements would simplify the legislation and bring it in line with the provisions for notification of the grant of a standard patent. It would also allow for greater flexibility in the way in which applicants and rights owners are informed of the outcomes of IP Australia decisions as IT systems and means of electronic communication evolve.

## 5. Defining how documents are filed

### Background

IP Australia receives over 100 000 applications for IP rights every year.<sup>83</sup> Each application passes through a number of stages in its life and involves a number of interactions between the applicant and IP Australia. This results in Australian businesses filing around 680 000 documents every year to apply for rights, maintain rights or dispute the grant of rights.<sup>84</sup>

The IP rights legislation sets out different ways for customers to do this. Different mechanisms apply for different IP rights and for different circumstances. These include:

- delivering a document either personally or by post;<sup>85</sup>
- other means prescribed in the legislation;<sup>86</sup>
- means approved by the Commissioner or Registrar in a notice, including electronic filing systems which attract a lower fee;<sup>87</sup>
- a form approved by the Registrar;<sup>88</sup> and
- directions issued by the Commissioner or Registrar, such as how to file opposition documents.<sup>89</sup>

The means, forms and directions approved by the Commissioner or Registrar are published in the Official Journals or on the IP Australia website.

The [Intellectual Property Laws Amendment Bill 2014](#) recently passed by Parliament amends s 214 of the Patents Act.<sup>90</sup> The amendment permits a document to be filed with IP Australia by delivering or giving it to the New Zealand Commissioner of Patents, or a delegate thereof, in a “prescribed manner”. This proposal is part of the Single Economic Market (SEM) initiative to streamline the processes for applying for patents in both countries.

### Problem

The various mechanisms for filing documents are unnecessarily complex and overlapping. It can be unclear to customers which mechanism should be used in a given situation. This imposes an

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<sup>83</sup> IP Australia, [Australian Intellectual Property Report 2014](#).

<sup>84</sup> IP Australia data.

<sup>85</sup> *Patents Act 1990*, s [214\(a\)](#); *Patents Regulations 1991*, r [22.10](#); *Trade Marks Act 1995*, s [213\(a\)](#); *Designs Act 2003*, s [144\(a\)](#).

<sup>86</sup> *Patents Act 1990*, s [214\(b\)](#); *Patents Regulations 1991*, r [3.5B](#); *Trade Marks Act 1995*, s [213\(b\)](#); *Designs Act 2003*, s [144\(b\)](#).

<sup>87</sup> *Patents Regulations 1991*, r [22.2AA](#) and [Schedule 7, Part 2](#); *Trade Marks Regulations 1995*, r [21.21AA](#); *Designs Regulations 2004*, r [11.01A](#); *Plant Breeder’s Rights Regulations 1994*, r [4A](#).

<sup>88</sup> *Plant Breeder’s Rights Act 1994*, s [26](#).

<sup>89</sup> *Patents Act 1990*, s [214](#); *Patents Regulations 1991*, r [3.7](#), [5.3](#) and [22.16\(2\)](#); *Trade Marks Regulations 1995*, r [5.3](#), [9.3](#), [17A.30](#), [17A.48A](#).

<sup>90</sup> [Intellectual Property Laws Amendment Bill 2014](#), Schedule 4, item 27.

unnecessary compliance burden on customers. The current mechanisms also limit IP Australia's flexibility to adopt more efficient communication technologies as they become available.

## **Options**

### *Option 1 – no change*

IP Australia would continue to administer a number of mechanisms for filing documents. IP applicants and agents would continue to invest time in understanding the various filing requirements in order to ensure compliance.

*Option 2 – Amend IP legislation to prescribe the means for filing documents for each situation*  
Approved forms and directions would no longer be used. Instead, the legislation would expressly prescribe the means for filing documents for each situation and align these wherever possible.

*Option 3 – Amend IP legislation to replace the existing mechanisms with two new provisions for each right.*

The various current mechanisms specified in the legislation would be replaced with just two new provisions in each of the Acts:

- documents must be filed using an "approved means", and
- different fees may be prescribed according to whether an act is done using "preferred means".

Although the legislation would change, actual practices would not change for the foreseeable future. Approved means and preferred means would be defined in notices issued by the Commissioner or Registrar as follows:

- Approved means would comprise filing personally, by post, by eServices, by Business to Business (B2B) or by the Objective Connect system for specified opposition documents
- Preferred means would comprise the eServices channel, for which lower fees would continue to be charged to reflect the lower administrative cost.

For oppositions, directions on the means for filing certain opposition documents and evidence would be replaced by the general notices on approved means. Directions on the form of such documents would be replaced by the regulations requiring documents to be filed in the approved form. IP Australia would continue to be able to issue notices to define different means for specific cases, such as where a party is unable to use Objective Connect.

The effects of this option include:

- Details on how documents may be filed would no longer be prescribed in the legislation.
- Means which currently attract lower fees would be known by the more accurate name 'preferred means'. Regulations that currently relate to approved means would be deleted and the fee Schedules would be amended to refer to 'preferred means'.

- Regulation [21.5\(2\)](#) in the *Trade Marks Regulations 1995* would be amended to remove the obsolete reference to 'facsimile'.

Under this option the amendments in the [Intellectual Property Laws Amendment Bill 2014](#) may need to be changed, in consultation with the Intellectual Property Office of New Zealand. The reference to a "prescribed manner" may be changed to "approved means".

### **Proposal**

At this stage, option 3 is proposed as this would result in a more simple, streamlined and flexible filing process for Australian businesses. All filing details would be available in a single location. Option 3 would also benefit IP Australia by simplifying the legislation and allowing it to update the filing requirements without having to make legislative changes.

Given the very large number of documents filed with IP Australia each year even minor savings in time per document amounts to thousands of hours saved for Australian businesses as a whole per year.

Option 2 would have negligible net benefit. Prescribing the means of filing in the legislation would align the mechanisms for all the rights and increase certainty for businesses. However, this option would require extensive detail to be set out in the legislation and severely limit IP Australia's ability to change the requirements in the future.

## 6. Official Journals and Registers

### Background

IP Australia is required to publish a Journal and maintain a Register for each of the four IP rights.<sup>91</sup>

#### *Journals*

IP Australia regularly publishes the Official Journals as searchable PDF documents and in searchable electronic database form on IP Australia's website.<sup>92</sup> The purpose of the Journals is to provide the public with information about the application or right so that interested parties can take action (e.g. opposition, licensing). In order to achieve this, the legislation requires the Commissioner or Registrar to do certain acts or notify of certain events by publishing information in the relevant Journal. For example, a notice of acceptance must be published in the Journal where the Commissioner or Secretary accepts a patent or grants a PBR.<sup>93</sup> Similarly, the Registrar is required to advertise a decision to accept or reject a trade mark in the Journal.<sup>94</sup> Various amendments to applications are also required to be advertised in the Journal.<sup>95</sup>

#### *Notification*

In a number of cases the legislation defines the period in which certain acts must be done from the date on which a notice is published in the Official Journal. For example, oppositions to the grant of a patent or the extension of term of a patent must be filed within three months from the day the notice of acceptance is published in the Official Journal of Patents.<sup>96</sup>

#### *Registers*

The Registers are the official records of IP rights that have been granted or registered in Australia, and have been maintained continuously for over a century. The Registers contain the particulars of these granted rights,<sup>97</sup> and are *prima facie* evidence of these particulars. Examples of particulars recorded are the right's number, details of its scope, date of grant/registration, owner's name, claimed interests, certain decisions and court orders.

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<sup>91</sup> Journals are required to be published *Patents Act 1990*, s [222](#); *Plant Breeder's Rights Act 1994*, s [68](#) and *Trade Marks Act 1995*, s [226](#). The Official Journal of Designs is defined in regulation [1.04](#) of the *Designs Regulations 2004*. A Register is required to be kept for each of the four IP rights. Refer *Patents Act 1990*, s [186](#); *Designs Act 2003*, s [111\(1\)](#); *Trade Marks Act 1995*, s [207](#); *Plant Breeder's Rights Act 1994*, s [61\(1\)](#).

<sup>92</sup> The patent and trade mark journals are published weekly, designs fortnightly and PBR quarterly.

<sup>93</sup> *Patents Act 1990*, s 49(5)(b); *Plant Breeder's Rights Act 1994*, s. [47\(1\)](#).

<sup>94</sup> *Trade Marks Act 1995*, s [34\(b\)](#).

<sup>95</sup> See for example *Trade Marks Act 1995*, s [65A\(3\)](#); *Trade Marks Act 1995*, s [110](#);

<sup>96</sup> *Patents Regulations 1991*, r [5.4](#).

<sup>97</sup> *Patents Act 1990*, s [187](#); *Plant Breeder's Rights Act*, s [46](#), [61](#); *Designs Act 2003*, s [111\(2\)](#); *Trade Marks Act 1995*, s [207](#).

While the Registers were originally maintained in paper form, more recently-granted IP rights are covered by electronic Registers. These electronic Registers are may be searched via IP Australia's publicly available electronic databases and are in effect subsets of such databases, rather than discrete documents. Paper copies of a Register entry can be obtained from IP Australia, while an extract from an electronic Register can be generated from IP Australia's public search databases. IP Australia can also provide a signed copy of an extract from the Register for use in court proceedings.

The online databases provide a wide range of information on IP rights applications and IP rights in force, including the information on the Registers. The online databases can be searched by a large number of fields and actioned dates, including date ranges. Similarly, the Official Journals provide information notices, summaries of decisions and information on a large number of actions that occurred during the previous period. While most of the information in the Journal is searchable in the online databases, some is only readily available in the Journals. For example, the following actions are listed together in the Official Journal of Trade Marks but can only be located in ATMOSS by knowing details about the trade marks in questions, such as their numbers:

- amendments to trade marks
- assignments and amendments of ownership
- extensions of time
- non-use notices and other oppositions.

### **Problem**

The legislative requirement to publish Journals is increasingly unnecessary for customers and an unnecessary administrative burden on IP Australia.<sup>98</sup> The Journals were originally established to provide the public with access to up-to-date official information concerning applications, granted rights and IP Australia's practices and processes. This information is now largely available electronically through IP Australia's public search databases (ATMOSS, AusPat, ADDS and PBR database) and the online publication of IP Australia's official notices. Therefore there are three sources that provide IP information: the journal; IP Australia's public search databases and notifications to customers about a change to the status of a right. IP Australia is also proposing to increase the functionality and services of the public databases to provide customers with on-line access to everything that is available via the Journals and more, such as improved notification services for changes to specific IP rights.

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<sup>98</sup> For example, it takes 18 APS6 staff hours per fortnight to compile the Journals.

In addition, it is no longer necessary for the legislation to define the period in which certain acts must be done from the date on which a notification occurs in the Journal. IP Australia proposes to make information available to customers in a more timely way, such as by prompt publication on the online search systems. This could occur before a notice is published in the Official Journal or an applicant receives notification from the Commissioner or Registrar.

Also, the requirements to publish information in the Journals is scattered throughout the legislation and use a variety of approaches and terminologies, increasing the complexity of the legislation.<sup>99</sup>

Finally, there can be confusion over the differences between the information held in IP Australia's online search databases and the official Registers. The Registers comprise only a subset of the particulars of a granted right, while the search databases such as ATMOSS and AusPat enable searching of this information in addition to application and other details. When a customer visits IP Australia's website to lodge an application or conduct a search, they are directed to the relevant search database. It is not clear to customers that the public databases are not the Registers, which may result in misunderstandings. For example, there is a risk that customers may think that an application listed on one of the public databases is a granted or registered right. Also, there can be differences between the application particulars recorded on a database and on filed documents, creating uncertainty.

## **Options**

### *Option 1 – no change*

IP Australia would continue to publish the periodic Journals, separate from and in addition to AusPat, ATMOSS, ADDS, the PBR database and other online publications. IP Australia would also continue to notify of various events by publishing notices in the Journals, in addition to updating the Registers and online search systems.

### *Option 2 – remove legislative requirements to publish Journals and change time periods*

Remove the legislative requirements to maintain and publish Official Journals and rely on AusPat, ATMOSS and other online publications to provide customers with official information about applications, granted rights and IP Australia's practices. Some changes to these systems would first be required to ensure that they provide the same or better information and functionality as the Journals, such as to enable searching by particular event types (eg. extensions of time) and date ranges.

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<sup>99</sup> For example, some changes to the status of an IP right require the Registrar or Commissioner to simply notify the right holder while others require a notice in the Journal. Similarly, the Acts variously use the terms 'register', 'record' and 'enter' to mean adding particulars to the Registers.

Additionally, because publication would occur shortly after an action occurs (for example, acceptance, extension of time, opposition filed), some time periods in the legislation would be changed. For actions where a time period commences when notification occurs in the Official Journal, the time period would instead commence from the date the action occurred (i.e. the date the information was entered into the database).

Customers would benefit from more centralised and sophisticated sources of IP information. IP Australia would no longer incur the costs of producing Journals that will be increasingly unused into the future. There would be small ongoing costs to Australian business due to the need to become familiar with the improvements to the current systems over a number of years.

*Option 3 – remove legislative requirements to publish Journals and change time periods, and replace public notification with recording and publication requirements*

In addition to Option 2, replace all specific public notification requirements for all the IP rights with general requirements to record prescribed particulars in the Register and to publish particulars after they are entered in the Register. The legislation would continue to require the Commissioner or Registrar to notify the applicant or rights owner.

The actions for which notification is currently required would be consolidated in the regulations, or an approved form, as a list of things to be recorded and published. Publication would include publishing by electronic means. This approach would simplify the legislation and provide IP Australia with more flexibility to determine the kind of information that should be published.

As for option 2, there would be small ongoing costs to Australian business due to the need to become familiar with the system changes.

*Option 4 – remove legislative requirements to publish Journals, replace public notification with recording and publication requirements, and allow all details of IP rights applications to be entered in the Registers.*

In addition to Options 2 and 3, amend the legislation to allow, but not require, the Commissioner or Registrar to include particulars of applications on the Registers. This may involve creating a new part of the Registers that only includes application details.

AusPat, ATMOSS, ADDS and the PBR searchable database would effectively mirror the Registers recorded on IP Australia's consolidated database. Depending on the approach taken, provisions could be included in the legislation to clarify that the entry of an application on the Registers does not mean that it is a granted or registered right. The status of an application or right would be clearly identified on the database. Option 4 is not proposing to remove the Registers, but

rather to allow flexibility in the type of information that can be recorded in the Registers and thereby accessed using the search databases.

This option may reduce some confusion over the correct particulars of applications and the difference between the online databases and Registers. However, it would be a substantial change to the long standing practice of recording only the particulars of granted or registered IP rights on the Registers.

As for options 2 and 3, there would be small ongoing costs to Australian business due to the need to become familiar with changes to the systems.

### **Proposal**

At this stage, option 3 is proposed as it would provide customers with a single source of information about the particulars for applications and rights, reduce the administrative burden for IP Australia in producing Journals and official notices and streamline the terminology and processes for the recording and publication of information across the four rights.

## 7. Self- service amendments

### Background

Under the current IP legislation, applicants and owners of IP rights can amend various aspects of their applications and granted rights. This is done to update administrative details such as names and addresses, or to change substantive information that affects the grant of the rights themselves. Substantive changes must meet certain criteria to be allowable. Generally, for all types of amendments the applicant/owner must submit a form requesting the amendment, which is then actioned by IP Australia.

The amendment provisions vary between the IP rights. Trade marks, designs and PBR provide that the Registrar or Secretary make the amendments on the request of the applicant,<sup>100</sup> whereas the patents legislation provides that the applicant must first seek leave from the Commissioner to make the amendment. If leave is granted the Commissioner then makes the amendment.<sup>101</sup> In addition, most of the rights provide that amendments are made to the *particulars* of the application,<sup>102</sup> whereas the patents legislation provides that amendments are made to actual *documents*.<sup>103</sup>

### Problem

Amendments to administrative details are made throughout the life of an IP right. IP applicants and owners request at least 10 000 'administrative' amendments per year.<sup>104</sup> The current multistep process incurs an administrative burden for customers, who must submit a form and wait for confirmation from IP Australia. It also incurs a burden for IP Australia, which must action all changes regardless of whether they require judgment to be exercised.

A second problem is that having amendments to patent application *documents*, rather than to the *particulars* of an application, requires entire documents to be replaced. This is more administratively onerous for IP Australia than simply correcting the information in the database, as occurs for the other rights.

A third problem is that IP Australia is unable to correct inconsistencies and obvious administrative errors like misspellings of names or addresses in applications, unless requested to do so by the applicant. While IP Australia is permitted to rectify errors in the patents, trade

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<sup>100</sup> See for example *Trade Marks Act 1995*, s [63\(1\)](#); *Designs Act 2003*, s [28](#).

<sup>101</sup> See for example *Patents Act 1990*, s [104](#).

<sup>102</sup> See for example *Trade Marks Act 1995*, s [65\(1\)](#).

<sup>103</sup> See for example *Patents Act 1990*, s [104\(1\)](#).

<sup>104</sup> This is a conservative estimate based on a sample of IP Australia's records. Each year administrative amendments are made for at least 3% of all current applications and registrations.

marks and designs Registers, this is only where IP Australia has made an error or omission in entering information.<sup>105</sup> Where a simple error is identified IP Australia must ask the customer to formally request the amendment, then action it and respond. This results in unnecessary administration for customers and IP Australia or errors remaining on the record.

## **Options**

### *Option 1 – no change*

IP applicants and owners would continue to request that IP Australia makes simple administrative amendments to their IP rights.

### *Option 2 – self-service for administrative amendments*

Amend the IP legislation to allow applicants and IP owners to action certain administrative amendments themselves. The types of amendments that could be made would be specified in the regulations or a document approved by the Commissioner or Registrar, and would include applicant and agent address details. IP Australia would enable customers to make such amendments using its online eServices portal, provided they are authorised to deal with the IP right in question. IP Australia would ensure that processes were robust enough to reduce the risk of parties acting against the interest of others, particularly where there are co-applicants. Applicants without access to eServices would still be able to request IP Australia to make such amendments. Substantive amendments that require IP Australia to exercise judgement would continue to follow the current process in which applicants request that IP Australia makes the amendment.

This option would benefit applicants and IP owners who made administrative amendments, with an estimated 95% choosing to make the changes via eServices rather than submit a request to IP Australia. It would also reduce IP Australia's administration costs.

### *Option 3 – automated actioning of administrative amendments*

Amend the IP legislation to enable IP Australia's actioning of administrative amendments to be automated. Customers would submit the amendment request via eServices and a computer system would automatically action it without any involvement from IP Australia staff. Legally the decision would be made by IP Australia. Such 'expert' systems have been used by a number of agencies for some years to make high volume administrative decisions.<sup>106</sup>

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<sup>105</sup> *Patents Act 1990*, s [191A](#); *Trade Marks Act 1995*; s [81](#) (after registration); *Designs Regulations 2004*, r [9.05\(1\)](#).

<sup>106</sup> For example, Comcare, the Department of Veteran's Affairs, Centrelink and the ATO.

This option would benefit applicants and IP owners to some degree by reducing the delay in receiving confirmation of the amendment. It may also reduce administrative costs for IP Australia in the long term, depending on the costs of introducing and running an automated system.

*Option 4 - have amendments made to particulars of patent applications*

Amend the patents legislation to have amendments made to certain particulars of patent applications, rather than to the documents themselves. This would reduce administration costs for IP Australia without affecting customers.

*Option 5 - enable IP Australia to correct obvious errors*

Amend the IP legislation to enable the Commissioner or Registrar to amend certain administrative details of an IP application or right on her own motion to correct an obvious error. Such amendments would only be made where the correction can be readily verified. IP Australia would notify the applicant or IP owner of the amendment. This option would benefit customers and IP Australia by making it simpler to correct obvious errors and inconsistencies.

**Proposal**

At this stage, a combination of options 2, 4 and 5 is preferred. This would be more convenient for customers, make it easier to correct obvious administrative errors and reduce IP Australia's administration costs.

## 8. Signatures

### Background

The IP legislation requires customers to provide signatures in a number of situations to authenticate the identity of a customer. In accordance with the *Electronic Transactions Act 1999*, IP Australia accepts logging on to its eServices portal as an acceptable signature.<sup>107</sup> Currently, around 95% of transactions are conducted through eServices or the Business to Business (B2B) portal.<sup>108</sup> If customers do not use eServices, they must provide a written signature on a printed document and post this to IP Australia.

### Problem

The patents legislation requires signatures for a number of actions where there is a minimal risk of the action being done without proper authorisation. These are:

- Request to reinstate an application as an international application;<sup>109</sup>
- Request to treat a PCT application as a standard application;<sup>110</sup>
- Statement authorising a person to request a patent of addition for the applicant or patentee;<sup>111</sup>
- Request to withdraw an opposition.<sup>112</sup>

This imposes an unnecessary burden on business, particularly where multiple parties are involved, as multiple signatures are required.

### Options

#### *Option 1 – no change*

Customers providing documents by post would continue to provide signatures for the above actions.

#### *Option 2 – Remove requirement for signatures for the actions listed above in the patents legislation*

The authenticity of these transactions would be verified using other information provided in the documents. IP Australia would ensure that there are reasonable controls in place over the authority to deal with an IP right.

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<sup>107</sup> *Electronic Transactions Act 1999*, [s 10](#).

<sup>108</sup> IP Australia data.

<sup>109</sup> *Patents Act 1990*, s [151\(4\)\(c\)](#); *Patents Regulations 1991*, r [15.2](#).

<sup>110</sup> *Patents Act 1990*, s [176\(c\)](#).

<sup>111</sup> *Patents Regulations 1991*, r [3.1\(2\)\(g\)](#).

<sup>112</sup> *Patents Regulations 1991*, r [5.26\(1\)](#).

## Proposal

At this stage, option 2 is recommended as it would reduce the time it takes for Australian businesses to provide documents to IP Australia. It would also reduce administrative costs for IP Australia in confirming whether the requirements have been met.

IP Australia has not identified other circumstances where a signature requirement can be removed from the IP legislation without significantly increasing risk. If stakeholders consider there are further circumstances where signature requirements are unnecessary, we would appreciate hearing of these.

## 9. Certificates

### Background

The IP legislation requires IP Australia to issue a number of different certificates to IP owners and third parties. Examples include certificates of examination, registration/grant of an application and registration of a person as a patent or trade mark attorney.<sup>113</sup> These certificates notify recipients of an updated status of their right or request and provide them with an official document. Certificates are also a form of evidence of patents and trade marks matters and may be used in court proceedings.<sup>114</sup> Certificates can create legal rights or allow for certain proceedings to occur.<sup>115</sup> IP Australia issues around 40 000 certificates a year.<sup>116</sup>

Until recently, IP Australia has printed all certificates and posted them.

IP Australia's eServices portal accounts for around 95% of transactions with IP Australia. Users of eServices are able to access and download patents correspondence from IP Australia rather than receiving them by post. Electronic access to patent certificates is also now available. Patent applicants that use eServices are notified when a certificate has been issued, which they can then access and download online. Electronic correspondence and access to certificates for the other IP rights will follow in the future.

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<sup>113</sup> *Patents Act 1990*, s [101E](#); *Trade Marks Act 1995*, s [71\(b\)](#); *Designs Act 2003*, s [45\(3\)](#), [67](#), [116](#); *Plant Breeder's Rights Act 1994*, s [44\(10\)](#).

<sup>114</sup> *Patents Act 1990*, s [197\(1\)](#) and [197AA](#), *Trade Marks Act 1995*, s [211](#), *Trade Marks Regulations 1995*, r [17A.68](#).

<sup>115</sup> *Designs Act 2003*, ss [73\(3\)](#); [90\(2\)](#), [93\(2\)](#), [101\(2\)](#), [102\(5\)](#), [106\(5\)](#); *Patents Act 1990*, ss [120\(1A\)](#), [125\(2\)\(b\)](#), [133\(1A\)](#), [138\(1A\)](#), [169\(4\)](#).

<sup>116</sup> The majority of these are for registration of a trade mark, plus several thousand for registration of a design, examination of a design, examination of an innovation patent, grant of PBR and registration of patent and trade mark attorneys. Sourced from IP Australia internal statistics.

Customers may also purchase commemorative certificates for display purposes only for registered or granted IP rights.<sup>117</sup>

## **Problem**

Not all businesses want to receive certificates, either electronically or by post. The current status of an IP right can be checked on IP Australia's online databases. It is estimated that a reasonable proportion of Australian IP owners would prefer not to receive certificates, saving these IP owners and agents some handling time. There are also administration costs for IP Australia in producing and sending unwanted documents.

In addition, legal rights and proceedings sometimes cannot occur until a certificate is issued, rather than at the time when IP Australia makes a decision or a status is changed. This is an unnecessary step in the process that creates delays.

## **Options**

### *Option 1 - No change*

IP Australia would continue to provide certificates and post them to customers who do not use eServices. As electronic correspondence functionality becomes available across the rights eServices customers would be notified when a certificate was issued and be able to access and download that certificate online. The issuing of certificates would continue to create legal rights or enable proceedings to occur.

### *Option 2 – Provide more certificates electronically*

IP Australia would issue more certificates electronically instead of printing and posting them. As noted above, electronic correspondence will enable electronic issue of certificates for eServices users in the near future. Under the current legislation, IP Australia is also able to make documents available electronically to patents and trade marks customers who do not use eServices, where an electronic address is provided.<sup>118</sup> Similar regulations are proposed for the other IP rights.<sup>119</sup>

Hard copy certificates would still be available on request.

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<sup>117</sup> Through Fresh Creative at [www.freshcreative.net.au/ip-certificate](http://www.freshcreative.net.au/ip-certificate).

<sup>118</sup> *Patents Regulations 1991*, r [1.3\(5\)](#) and *Trade Marks Regulations 1995*, r [2.3\(1\)](#).

<sup>119</sup> For designs, see the Exposure draft of [Intellectual Property Amendment Regulation 2014 \(No. 1\)](#), Schedule 5, item 1.

### *Option 3 – Amend IP legislation to remove requirements to issue certificates*

The IP legislation would be amended so that certificates would not be required to be issued for examination, registration and grant. Also, the patents and trade marks Acts would be amended to no longer provide that a certificate signed by the Commissioner or Registrar is *prima facie* evidence of a matter. Instead, the Acts would provide that any document approved by the Commissioner or Registrar (or similar wording) would constitute *prima facie* evidence of a matter. This would enable IP Australia to continue to provide documents for such purposes, without requiring them to be signed certificates. Signed copies or extracts of the Registers would continue to be admissible in proceedings as if they were the original Register, and therefore *prima facie* evidence of the particulars on them.

IP Australia would continue to notify customers of a change of status in their rights by post or electronically. Instead of receiving a certificate, customers could download extracts of the Register at any time and use this to prove certain facts.

Commemorative certificates would continue to be available for a small fee through a third party provider organised by IP Australia.

### **Proposal**

At this stage, option 3 is recommended as it would have the highest net benefit and make more efficient use of communication technologies. Business would spend less time handling unwanted electronic and printed certificates. IP Australia would ensure that customers can easily print extracts of the Registers as needed before IP Australia ceases routinely issuing certificates. A small number of customers would incur the cost of requesting a hard copy of the extract of the Register.

Option 2 would benefit Australian businesses to some degree by reducing the amount of paper correspondence they must handle but would not provide the extent of benefits provided by option 3.

## 10. Address for correspondence

### Background

IP Australia collects a variety of contact details for IP rights applicants and rights holders, some of which are prescribed in the IP rights legislation. Customers for each of the IP rights are required to provide an address for service (AFS).<sup>120</sup> In addition, the regulations for patents and designs provide for an address for correspondence (AFC).<sup>121</sup>

IP Australia also collects other contact details for applicants and rights holders via various forms and the eServices and B2B portals (e.g. email addresses). The IP rights legislation does not prescribe any requirements for these other contact details.

IP Australia has begun to issue electronic correspondence for eServices and B2B customers, beginning with patents customers. IP Australia is planning to eventually provide correspondence electronically to all customers that have provided an email address, and the approved forms for all four IP rights will make it clear that preferred contact details for correspondence are electronic.

#### A. Address for Service

An AFS provides a means by which the applicant/rights owner (or their representative) can be formally served legal documents by another party. IP Australia's stakeholders have recently emphasised the importance and value of the AFS system to them. The four IP rights currently define AFS in different ways and all are currently restricted to an Australian address.

The [Intellectual Property Laws Amendment Bill 2014](#) (the 2014 Bill) amends the AFS provisions to substantially align them for all IP rights and to implement the Single Economic Market (SEM) initiative between Australia and New Zealand. The definition of a valid AFS will be changed to allow it to be:

- in Australia or New Zealand;
- an electronic address;
- an address where a physical document can be given personally to the applicant or their representative; and
- an address at which a physical document may be left at or sent by post to them, including post office boxes.

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<sup>120</sup> *Patents Act 1990*, s [221](#); *Patents Regulations 1991*, r [22.10\(1\)](#); *Trade Marks Act 1995*, s [215](#), *Trade Marks Regulations 1995*, r [17A.74](#); *Designs Act 2003*, s [145](#), *Designs Regulations 2003*, r [11.19](#); *Plant Breeder's Rights Act 1994*, ss [26\(2\)](#) and [26\(3\)](#).

<sup>121</sup> *Patents Regulations 1991*, r [22.10A](#); *Designs Regulations 2004*, r [11.20](#).

The Bill will also move most of the rules relating to an AFS from the primary legislation to the regulations. Regulations will prescribe which addresses (electronic or otherwise) may be used, providing IP Australia with greater flexibility to adapt to changes in the future.

#### *B. Address for Correspondence*

An AFC is used to deliver documents which are not required to be legally served and is not required to be an address in Australia. Only the patents and designs legislation make provision for an AFC, although applicants are not required to provide it. Where an AFC is not provided, the AFS is used instead.

#### **Problem**

The address provisions for the four IP rights are not aligned. Despite the changes in the 2014 Bill, the following differences remain:

- The *Plant Breeder's Rights Act 1994* currently refers to required AFS information in subsections [26\(2\)](#) and [\(3\)](#), rather than making it part of the 'approved form' for a PBR application.
- The designs legislation does not require that applications be in the 'approved form'.
- Only the patents and designs legislation make provision for an AFC and less than one per cent of patents and designs applicants provide an AFC each year.<sup>122</sup>

#### **Options**

##### *Option 1 – no change*

The address provisions for the four IP rights would remain unaligned.

##### *Option 2 – align the address provisions and remove reference to an AFC*

This option would involve:

- amending the PBR and designs legislation to align the address provisions with the other rights; and
- amending the patents and designs regulations to remove any reference to an AFC.

This option would save around 400 unrepresented small to medium enterprises and individuals per year from providing an address for correspondence to IP Australia in addition to an address for service.

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<sup>122</sup> About 400 patents and designs applications per annum provide an AFC in addition to an AFS. This is less than one per cent of all patents and designs applications lodged annually.

*Option 3 – align the address provisions and include reference to an AFC in the trade marks and plant breeder's rights regulations*

This option would involve:

- amending the PBR and designs legislation to align the address provisions with the other rights; and
- amending the trade marks and plant breeder's rights regulations to introduce provisions for an AFC.

In addition, the patents regulations would be amended to remove the obsolete reference.

It is estimated that this option would result in around 10% of all trade mark and PBR applicants providing an address for correspondence to IP Australia in addition to an address for service.

### **Proposal**

At this stage, option 2 is the preferred option because it would reduce the overall administrative burden on patents and designs customers and align the address provisions across the IP rights. Applicants would continue to be required to provide an AFS but would no longer have to consider whether to also provide an AFC.

## Proposals that affect patents:

### 11. Third party requests for examination

#### Background

Standard patents applications, innovation patents and registered designs all operate on a process of deferred examination. For standard patents, examination typically occurs five to six years after the application is filed, when the applicant requests examination in response to a direction from the Commissioner to do so.<sup>123</sup> For innovation patents and designs, examination only occurs on request or if the Commissioner or Registrar decides to examine the patent or design on her own volition. This creates uncertainty for third party competitors who may not know where they are free to operate for many years.

To address uncertainty around un-examined IP rights, third parties can request examination of patent and design applications. This allows potential competitors to obtain certainty of their freedom to operate in the marketplace sooner than might otherwise be the case.

For standard patents, third parties can ask the Commissioner to direct a patent applicant to request examination (and pay a nominal fee of \$100 for the request), and the Commissioner must do so.<sup>124</sup> The applicant must request examination within two months and pay the full examination fee or the application lapses.<sup>125</sup> Currently patent examination reports are issued within around 12 months. Applicants may speed up the process by requesting expedited examination.<sup>126</sup> IP Australia has the option of informally accelerating examination when it is requested by third parties, however this has not been the practice. This system involves significant delays which may be of commercial advantage to patent applicants, but a disadvantage to competitors. Third party requests for the Commissioner to direct the applicant to request examination are rarely used.<sup>127</sup>

In contrast to standard patents, third parties directly request the Commissioner or Registrar to examine innovation patents or designs. The fee for examination is split between the patentee / applicant and the third party. Innovation patents are examined within 6 weeks of receiving a

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<sup>123</sup> Examination is requested voluntarily for around 20% of applications. IP Australia currently issues directions for the other 80% at around 4.5 years from filing. Around 60% of applications have examination requested in response to a direction. It then takes IP Australia 12-18 months to examine the application.

<sup>124</sup> *Patents Act 1990*, s [44\(3\) - \(4\)](#); *Patents Regulations 1991*, [Schedule 7, item 209](#).

<sup>125</sup> See *Patents Act 1990*, ss [44\(2\) - \(3\)](#) and [142\(2\)\(a\)](#) and *Patents Regulations 1991*, rr [3.16\(2\)](#) and [3.17\(1\)](#).

<sup>126</sup> *Patents Regulations 1991*, r 3.17(2).

<sup>127</sup> IP Australia receives on average only around two third party requests per year.

request for examination, and the customer service charter states that design examination reports will be issued within 13 weeks of receiving a request.

## **Problem**

The existing mechanism for third party requests for examination of standard patents is unnecessarily complicated, lengthy and does not balance the needs of different stakeholders. There are delays in waiting for the applicant to respond to the direction and, assuming the applicant does request examination, waiting for the application to make its way through the normal queue of applications awaiting examination. This results in a considerable period of market uncertainty for the third party, who is likely to have requested examination in order to determine their own freedom to operate.

As the backlog of unexamined patent applications is up to 12 months, a third party could wait 26 months<sup>128</sup> for a final determination of the claims that are accepted. This delay is out of step with other jurisdictions. Other countries that enable third parties to request examination aim to issue a first report within around four months of the request.<sup>129</sup>

Additionally, requiring the standard patent applicant to pay the full examination fee while the third-party pays only \$100 may not adequately balance the interests of the parties. The third party receives valuable information about the patentability of the invention while the patent applicant must pay the examination fee of \$300 to \$490 and address issues raised in examination earlier than planned.

## **Options**

### *Option 1 – no change*

Third party examination requests would continue to be treated as they are currently.

### *Option 2 – align standard patents with innovation patents and designs*

This would allow third parties to directly request that the Commissioner examine a standard patent application. This would simplify and align the third party request system for standard patents with the system for innovation patents and designs.

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<sup>128</sup> 2 months direction to request + 12 months to first examination + 12 months acceptance deadline.

<sup>129</sup> For example, Japan issues reports in such circumstances within 2 months, Korea 2-4 months, India 4 months, New Zealand 3 months and Canada expedites the examination (a specific timeframe has not been identified). The EPO does not enable third parties to request examination, however it aims to issue a search and written opinion within 6 months of filing, and where a third party has lodged substantiated observations about an application, issues a report within 3 months.

There would be no request for the Commissioner to direct the applicant to ask for examination and no subsequent direction given by the Commissioner for the applicant to then request examination. The request could only be made after the application has become Open to Public Inspection (OPI). Note that the general power for the Commissioner to direct applicants to request examination (absent a third party request) would be retained.

The third party and the applicant/patentee/registered owner would each pay half of the examination fee: the third party would pay their fee at the time of the request and the applicant would receive an invitation to pay (ITP) the remainder of the examination fee. Third party requests would also result in the application, patent or design being moved to the top of the examination queue and being examined as soon as possible.

### *Option 3 – align innovation patents and designs with standard patents*

This would allow third parties to request that the applicant be directed (by the Registrar/Commissioner) to request examination for designs and innovation patents. This would align designs and innovation patents with standard patents. All rights that have deferred examination would operate under the same system

This may have an advantage in the context of the payment of fees, as an ITP could be eliminated. However, the number of processing steps would not be reduced compared to option 2, as IP Australia would still have to issue the direction, which is in practice not very different from issuing an ITP since it also carries a fee.

The disadvantages would be considerable. The proposal would involve introducing directed examination into innovation patents and designs, increasing both legislative and administrative complexity and burden. Furthermore, even if fees were required upfront, this would not result in the reduction of any processing steps for IP Australia compared to Option 2.

### **Proposal**

At this stage, Option 2 is preferred. Standard patents would be aligned with innovation patents and designs by allowing third parties to directly request examination of a standard patent. Fees would be split 50 / 50 between applicant and requestor as per other rights.

Third parties would know the outcome of the examination sooner, and so would not have to wait as long to determine their freedom to operate. Third parties would be able to directly request examination using a similar process for standard patent, innovation patents and designs. This process would be the most administratively simple for applicants, third parties, and IP Australia.

## 12. Colour drawings

### Background

Around 70% of patent applications received by IP Australia enter through the Patent Cooperation Treaty (PCT) administered by the World Intellectual Property Organization (WIPO).<sup>130</sup> All patent specifications must substantially comply with Schedule 3 of the *Patent Regulations 1991*, which specifies that drawings are to be in black and white.<sup>131</sup> This requirement is based on the PCT Rules and means applicants cannot file patent specifications with colour images.<sup>132</sup>

### Problem

Colour images can more succinctly convey information in certain situations. For example, components of similar shape with different physical or chemical properties are only properly distinguished in colour images. Restricting patent drawings to black and white can make it more difficult to describe and understand an invention.

Improvements in technology have allowed for colour images to be more easily reproduced and at lower cost. As a result, PCT contracting states are currently moving towards allowing colour drawings. It is anticipated that the PCT Rules will be amended to allow filing of colour drawings in international applications from mid-2016.<sup>133</sup> Consequently, IP Australia needs to be able to handle colour drawings at the international stage, in the file formats to be agreed, to comply with its treaty obligations. It is not essential that IP Australia can accept colour drawings at the national stage, but accepting colour throughout the application process would be simpler.

A small percentage of Australian businesses may currently be incurring minor costs due to it being more difficult to explain and understand some inventions due to a lack of colour drawings. This is most likely to be occurring in the chemistry and biotechnology fields.

### Options

#### *Option 1 – no change*

No change would be made to the regulations. IP Australia would ensure its IT systems can handle colour drawings at the international stage as required by the PCT. At the national stage, drawings would still be required to be in black and white.

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<sup>130</sup> [Australian Intellectual Property Report 2014](#) (IP Australia), Patents, Figure 1.

<sup>131</sup> *Patents Regulations 1991*, [Schedule 3, item 11](#).

<sup>132</sup> [PCT Rule 11.13\(a\)](#).

<sup>133</sup> *Color Drawings in International Applications*, International Bureau, 22 April 2014, [\(PCT/WG/7/10\)](#) paragraphs 17–22. Prepared for the 7<sup>th</sup> session of the PCT Working Group, June 2014.

*Option 2 – Allow colour drawings at the national and international stage*

IP Australia would ensure its IT systems can handle colour drawings at the international and national stages. Schedule 3 of the Patent Regulations would also be amended to allow colour drawings to be used in all specifications.

*Option 3 – Allow colour drawings and introduce a fee*

IP Australia would ensure its IT systems can handle colour drawings at the international and national stages. The Patents Regulations would also be amended to allow colour drawings to be used in all specifications and to introduce a new fee for colour drawings. The aim of the fee would be to encourage applicants to only use colour drawings where they add real value and would help to minimise the IT resources required to process applications.

**Proposal**

At this stage option 2 is proposed as it provides the largest net benefit. This option would benefit applicants for Australian patents that need to use colour drawings to describe their inventions. It would also provide a consistent IT and legislative approach throughout the international and national stages of the patent application process.

Option 3 would benefit applicants for Australian patents that wish to use colour drawings. However, an additional fee would impose an additional cost on businesses that require colour drawings to adequately describe the invention, such as businesses in the biotechnology and chemistry fields. Past experience also suggests that charging an additional fee may not be effective in discouraging filing of unnecessary colour drawings, particularly for international filings.

## 13. Extensions of term – notices to Department of Health

### Background

Pharmaceutical patent owners can apply for an extension to the term of their patent to account for the time it takes to obtain government approval to market the pharmaceutical in Australia.<sup>134</sup> The *Patents Act 1990* requires the owner of an extended patent to provide the Department of Health with details of the amount spent on research and development (R&D) of the patented drug, including details of the amount and origin of any Commonwealth funds spent on R&D.<sup>135</sup>

This reporting requirement was introduced in 1999 along with the current extension of term provisions. At the time, the Government was looking at ways to encourage pharmaceutical research and manufacturing in Australia. This was to be achieved by introducing the extension of term system and by investing \$800 million over ten years to assist the pharmaceutical sector with R&D. The requirement to report on R&D funding was intended to help the Government evaluate whether extensions of term were achieving this objective.<sup>136</sup>

### Problem

Although the reporting requirement was intended to help the government evaluate the impact of the extension of term scheme on industry investment in R&D, the usefulness of the data provided is limited. It only relates to a small sample of pharmaceutical R&D, comprising only those pharmaceutical patents that have been extended and it is provided in an inconsistent way by patent owners because the data is not clearly defined. Providing the information places a burden on patentees that is currently not balanced by the Government or the public having a better understanding of the effectiveness of the extension of term scheme or government funds spent on R&D.

### Options

#### *Option 1 – no change*

No change would be made to the Patents Act. Patent holders would continue to incur the administrative burden of providing R&D information to the Department of Health.

#### *Option 2 – no longer require patent owners to provide R&D information*

Section [76A](#) of the Patents Act would be repealed. Owners of extended pharmaceutical patents would no longer be required to provide R&D information to the Department of Health. This

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<sup>134</sup> *Patents Act 1990*, [Chapter 6, Part 3](#).

<sup>135</sup> *Patents Act 1990*, s [76A](#).

<sup>136</sup> Harris, T., Nicol, D., Gruen, N. 2013 [Pharmaceutical Patents Review Report](#), Canberra, pp.89-92.

would reduce the compliance burden on business, however it would not address the issue of the lack of data to properly inform policy in this area.

*Option 3 – improve the reporting requirement to collect valuable and consistent data on R&D spending*

Section [76A](#) and related guidance for patent owners would be amended so that the R&D data required from patent owners is clearly defined, consistently provided and appropriate and sufficient to evaluate the effectiveness of the pharmaceutical extension scheme in fulfilling its policy objective, while aiming to minimise the compliance burden on business. Elements of reporting requirements in other jurisdictions may provide a model for this.<sup>137</sup>

**Proposal**

At this stage IP Australia does not have a preferred option and welcomes stakeholder views on this issue. IP Australia also invites suggestions as to the types of data that would properly inform policy in this area.

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<sup>137</sup> For example, Canada's [Patented Medicine Prices Review Board](#). The Canadian Patent Act requires patent owners to provide a range of data to the Board on patented pharmaceuticals, including R&D. The Board provides an annual report to the Canadian Parliament.

## Proposals that affect trade marks:

### 14. Acceptance timeframe

#### Background

When an application for a trade mark is examined by IP Australia, the examiner provides a report to the applicant setting out any requirements that need to be addressed. The applicant has 15 months from the date of the report in which to overcome any issues and have the application accepted. This period was originally designed to account for delays in posting reports and responses overseas, and to give applicants time in which to gather further evidence to support their application.

There are multiple mechanisms for extending the acceptance period. Under the current legislation, trade mark applicants can readily obtain a six month extension to the acceptance timeframe without having to provide reasons.<sup>138</sup> Applicants may also have acceptance deferred under section [36](#) for up to six months under certain circumstances.<sup>139</sup> These extensions can result in a maximum time to acceptance of 27 months. Applicants may also apply for an extension to the acceptance timeframe under section [224](#) because the applicant made an error, there were circumstances beyond the applicant's control or there were 'special' circumstances. Of the 62 000 trade mark applications filed each year, over 3 000 obtain an extension to the acceptance timeframe.<sup>140</sup> Extensions of time are discussed further under Proposal 3.

#### Problem

The objective of the trade marks system is to encourage business innovation and investment, while achieving a balance between the interests of trade mark owners, competitors and the public.

Unnecessarily long examination timeframes create uncertainty for competitors who may wish to enter the market or advertise a similarly branded product or service. This can incur significant costs through missed business opportunities.<sup>141</sup> These costs flow on to consumers who would have benefited from competitive products or services entering the marketplace earlier.

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<sup>138</sup> *Trade Marks Regulations 1995*, r [4.12\(3\)](#).

<sup>139</sup> For example, to have more time to gather evidence of use of the mark in the marketplace so as to respond to IP Australia's objection that the mark is too similar to another mark.

<sup>140</sup> Around 62 000 trade mark applications are filed each year. Of these:

- 88% are accepted within 6 months
- 7% are accepted within 6-15 months
- 5% are accepted at over 15 months, either by having acceptance extended under r [4.12\(3\)](#) (estimated to be 4%) and/or deferred under s [36](#) (estimated to be 1%).

<sup>141</sup> The cost to an Australian competitor will depend on the value of the specific trade marks, products and businesses involved.

Modern electronic communication means that the lengthy acceptance timeframe for trade mark applications of 15 months from the date of the examiner's report is no longer necessary. Only 12% of trade mark applicants need more than six months in which to satisfactorily respond to the examiner's report.<sup>142</sup>

The lengthy acceptance timeframe is also inconsistent with the acceptance timeframes for patent and design applications, and with the timeframes used by other countries. In Australia, a patent application must be accepted within 12 months of the examiner's report and a designs application within six months, with some extensions available. Many of Australia's trading partners have trade mark acceptance times of six months or less.<sup>143</sup>

A related problem is that applicants are unable to defer acceptance under section [36](#) to obtain evidence to overcome an objection that the trade mark does not distinguish the applicant's goods or services from those of others (section [41](#)). Despite this being a legitimate reason to defer acceptance, in this situation applicants have to apply for an extension under section [224](#) or let the application lapse and re-apply when they have the evidence.

## **Options**

### *Option 1 – no change*

Trade mark applicants would continue to have at least 15 months from the date of the examiner's report to have their application accepted.

### *Option 2 – reduce the acceptance timeframe from 15 months to six months*

This option would have no impact on the 88% of applicants who currently have their trade mark accepted within the six month timeframe. It would be commensurate with the acceptance period in other countries and Australia's designs system.

This option would provide a net benefit for Australian business. A number of Australian applicants are likely to incur the costs of applying for extensions to the acceptance period, or of ensuring that their application is resolved within 6 months instead of 15 months. Nevertheless, any resulting costs are expected to be outweighed by the benefits to competitor Australian businesses, who would gain certainty in the marketplace sooner.

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<sup>142</sup> Typical reasons for needing more than six months are to gather evidence of the use of the trade mark, difficulties in negotiations and communications between parties and awaiting the results of relevant pending opposition and court proceedings.

<sup>143</sup> USA and UK provide six months; Japan, Israel and Ireland provide three months, Korea, Hong Kong, Singapore and the Office for Harmonization in the Internal Market (OHIM) provide two months; China provides 15 days to appeal a rejection and three months to file supplementary submissions in support.

*Option 3 – reduce the maximum extension period available under regulation [4.12\(3\)](#) from six months to one month*

Option 3 would provide a net benefit for Australian business. While Australian applicants may need to use ensure that their application resolved within a shorter timeframe, they would continue to have the option of obtaining section [36](#) deferment or section [224](#) extension, at no change in cost to them. These costs would be offset by the benefits to competitor businesses, who would gain certainty in the marketplace sooner.

*Option 4 – abolish the extension available under regulation [4.12\(3\)](#)*

Option 4 would provide a net benefit for Australian business. While Australian applicants may need to use additional resources to have their application resolved within a shorter timeframe, they continue to have the option of obtaining section [36](#) deferment or section [224](#) extension, at no change in cost to them. These costs would be offset by the benefits to competitor businesses, who would gain certainty in the marketplace sooner.

In addition, reducing the number of different types of extensions that are available would reduce complexity for trade mark applicants, as well as reducing administration costs for IP Australia.

*Option 5 – expand the grounds for deferment under regulations [4.13](#) and [17A.21](#) to include overcoming a ground for rejection under section [41](#)*

This option would benefit applicants who need time to gather evidence to prove that their trade mark distinguishes their goods or services from others in the market. Some applicants would use this more targeted mechanism rather than seek a general extension under section [224](#).

## **Proposal**

At this stage, a combination of options 2, 4 and 5 is recommended as this would achieve the best balance between providing trade mark applicants with sufficient time to resolve applications and giving competitors certainty about the outcome of examination of potentially conflicting marks. This would shorten the initial examination timeframe from 15 to 6 months while ensuring that acceptance deadlines can still be extended or deferred under appropriate circumstances. The majority of trade mark applicants and their Australian competitors are SMEs and so would particularly benefit from the proposal.

## Proposals that affect designs:

### 15. Registration of designs

#### Background

Under the Designs Act, an applicant has six months from the date of filing their application for a design to request either publication or registration of the design.<sup>144</sup>

If the applicant chooses publication, IP Australia publishes the application. Publication does not provide the applicant with a right that can be enforced against another party, but it can be used as a defensive strategy. Publication can prevent another party from registering the design, thereby ensuring that the applicant (and the public in general) is free to use it.

If the applicant chooses registration, the application will undergo a formalities check and then be registered and published. If the applicant does not choose publication or registration within six months of filing the application, the application will lapse.

The publication / registration model was introduced in 2003 to provide a clear alternative between defensive publication and registration.<sup>145</sup> The six month period provides applicants with time to further develop and trial their designs without losing the filing date. Applications for which no option is chosen are lapsed so as to remove unwanted applications from the system.

Since 2003, over 62 000 design applications have been filed. Over 95% of applicants have sought registration. Around 90% of these do so at the time of filing, resulting in their designs being registered within weeks. The other 10% request registration within six months. Around 3% of all applications lapse because the applicant does not request publication or registration and around 2% lapse because the applicant does not correct a formalities problem. Only *five* requests for publication have been made to date.<sup>146</sup>

#### Problem

The requirement to request registration places an unnecessary burden on the 95% of applicants who want their designs registered. Lapsing as the default also increases the risk of a design inadvertently lapsing because the applicant failed to request registration within six months. Also, maintaining a publication option provides minimal benefits to users, while adding complexity to the legislation and to administration processes.

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<sup>144</sup> *Designs Act 2003*, s [33\(1\)\(a\)](#), [35\(1\)](#), *Designs Regulations 2004*, r [3.14\(1\)\(b\)](#).

<sup>145</sup> *ALRC Report 74 (Designs)*, recommendation 77.

<sup>146</sup> The Advisory Council in Intellectual Property is currently reviewing the designs system. One of the issues raised is whether there is a need for the publication option. ACIP, [Review of the Designs Systems - Options Paper](#), December 2014, page 28, Option 1.

## **Options**

### *Option 1 – no change*

The great majority of design applicants would continue to have to request registration.

### *Option 2 – elect publication or registration at filing*

Applicants would be required to elect either publication or registration at the time of filing their application. Around 9%<sup>147</sup> of all applicants would save time by requesting registration or publication on the application form, instead of filing a separate request form later. However, this would force businesses to decide how they wish to proceed at the time of filing. This can be a difficult decision for a business to make at the early stage of developing a product and may result in businesses not getting what they want from the system. Also, around 3% of applicants would have to file a request to withdraw their application, where currently they can rely on the application lapsing as the default.

### *Option 3 – default registration*

If the applicant does not request withdrawal, publication or registration within six months from filing, the application automatically proceeds to a formalities check and then registration. Under this option the 9% of applicants who wish to delay registration by up to six months would no longer have to file a request for registration. The 3% of applicants who currently rely on the application lapsing as the default would have to request withdrawal of their application.

This option may result in a number of designs that the applicant otherwise would have let lapse passing the formalities check and being registered. Such 'unwanted' designs would remain on the register for five years or until a third party requested examination and the uninterested owner failed to pay its half of the examination fee. A very small number of third parties may incur some costs in requesting examination for unwanted designs, including the fee which is not repaid. Similarly, a very small number of owners may incur the cost of being invited to pay half the examination fee.

### *Option 4 – no publication option, automatic registration*

This option involves amending the Designs Act to remove the option of publication. If the applicant does not request withdrawal or registration within six months from filing, the application automatically proceeds to a formalities check and registration. Those few businesses that would have selected publication could have their application published by their application proceeding to registration.

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<sup>147</sup> 10% of the 95% that request registration do so some time after filing.

Option 4 would simplify the design system, repeal largely unused legislation and reduce some administration costs for IP Australia. As for option 3 a very small number of third parties may incur some costs in requesting examination of designs that the owner has no intention of enforcing. Those businesses that would have chosen publication would have their applications published when they proceed to registration but could incur extra costs if a third party requested examination.

### **Proposal**

At this stage, option 4 is proposed as it would reduce overall costs applicants and for IP Australia and simplify the designs system. A small number of designs may be registered which the owners have no intention of enforcing, but any third party that is being adversely affected could request examination. Given that only five businesses have chosen the publication option in over 10 years, the adverse impact on business of removing this option would be negligible.

## **16. Multiple copies of representations**

### **Background**

In order to file an application for a design right, an applicant must file five copies of each representation of the design disclosed in the application.<sup>148</sup> Failure to do so may result in a formalities objection.<sup>149</sup> In practice, this requirement is only relevant for applications filed in paper (approximately 15% of applications).<sup>150</sup>

### **Problem**

Design applications often contain multiple representations of the design, so providing five copies of each representation can involve making dozens, or in some cases, hundreds of copies. This administrative burden unnecessarily increases the time and cost for applicants and their agents to prepare and file applications.

The requirement was useful before modern scanning devices were available. Photocopying of paper representations could reduce their quality to the detriment of examination, hence it was considered necessary that the applicant provide multiple copies. In the current digital environment, this is not a problem. Paper applications are routinely scanned, allowing for high quality digital reproduction where necessary.

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<sup>148</sup> *Designs Regulations 2003*, r [4.04\(f\)](#) and [4.05\(f\)](#).

<sup>149</sup> *Designs Act 2003*, ss [39\(1\)](#) or [40\(1\)](#).

<sup>150</sup> The percentage of electronic filings for designs rose from 4.6 % in October 2012 to between 80 and 90 % in 2014.

Furthermore, if the requirement is not met IP Australia should issue a deficiency notice and the applicant must respond and provide the additional copies, which slows the processing of the application. This wastes both applicant and IP Australia's time.

### **Options**

#### *Option 1 – no change*

Design applicants filing in paper would continue to be required to file five copies of each representation.

#### *Option 2 – remove requirement to provide extra copies*

The requirement for the applicant to provide five copies of each representation could be repealed.

### **Proposal**

At this stage, option 2 is preferred. This would remove an unnecessary administrative burden and uncertainty for design applicants and IP Australia.

# Supporting small business

The following proposals aim to assist those dealing with the IP system, particularly small businesses, by clarifying elements of the law and providing protection against unjustified threats of infringement.

## 17. Unjustified threats of infringement

### Background

The patent, trade mark and design legislation provides protection for businesses that face an unjustified or groundless threat of infringement from an IP owner. Both the patent and design legislation provide that a person may sue a rights owner for threatening them with infringement proceedings that are 'unjustified'.<sup>151</sup> The remedies available include a declaration that the threats are unjustifiable, injunctions and damages (for example, for sales lost due to withdrawing the product from the market).

The trade mark provisions are similar to the patent and design provisions but have two main differences.<sup>152</sup> Firstly, the action relates to 'groundless' threats, instead of 'unjustified' threats, though in practice the provisions are interpreted similarly.<sup>153</sup> Secondly, the trade mark owner can stop the groundless threats action by bringing infringement proceedings against the person.<sup>154</sup>

The PBR legislation does not provide any protection against unjustified or groundless threats of infringement.

Although a court is able to award additional damages for flagrant infringement of a patent, trade mark or design,<sup>155</sup> it is not able to award additional damages for flagrant unjustified threats of infringement.

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<sup>151</sup> *Patents Act 1990*, [Chapter 11, Part 3](#); *Designs Act 2003*, [Chapter 6, Part 3](#).

<sup>152</sup> *Trade Marks Act 1995*, ss [129](#) - [130](#).

<sup>153</sup> See for example *Edwards v Liquid Engineering 2003 Pty Ltd* (2008) 77 IPR 115; [\[2008\] FCA 970](#) at [34] where Gordon J refers to s 129 as relating to 'unjustified' threats'.

<sup>154</sup> *Trade Marks Act 1995*, s [129\(5\)](#).

<sup>155</sup> *Designs Act 2003*, s [75\(3\)](#); *Patents Act 1990*, s [122\(1A\)](#); and *Trade Marks Act 1995*, s [126\(2\)](#). The Government has previously agreed to introduce exemplary damages for PBR infringements – see the [Government Response](#) to ACIP's *Review of Enforcement of Plant Breeder's Rights*.

## **Problem**

The current legislation provides limited protection against unjustified or groundless threats of infringement of PBR and trade marks. There is no protection for farmers and nurseries against unjustified threats of PBR infringement and groundless threats of trade mark infringement can be circumvented by the trade mark owner simply commencing infringement proceedings. This need not be successful to stop the groundless threats application from proceeding<sup>156</sup> and there is at least one example of this occurring.<sup>157</sup> The ability to stop groundless threat proceedings with an infringement action has been described by the Federal Court as 'unnecessarily restrictive', with the judge noting that '[t]he potential for injustice is plain'.<sup>158</sup>

The use of different terminology in trade marks for what is effectively the same action also creates unnecessary confusion.

The potential cost to businesses of unjustified threats can be significant, depending on the value of the products and services involved and whether the business agrees to withdraw products from the market and/or settle alleged damages out of court. SMEs are particularly disadvantaged by this situation, as they have fewer resources to resist unjustified threats.

Also, the level of damages that can be awarded may not be sufficient to discourage a well-resourced IP owner from making flagrant unjustified threats of infringement. The benefits of hindering an SME competitor may outweigh the costs of ordinary damages. Correspondingly, an alleged infringer may be discouraged from suing for an unjustified threat if only ordinary damages are available.

## **Options**

### *Option 1 – no change*

Businesses who are unjustifiably threatened with PBR or trade mark infringement action would continue to be unable to effectively seek damages under the IP legislation, such as for having to withdraw their products from the market. Such businesses may have to commence an action for misleading and deceptive conduct under the Australian Consumer Law instead.

### *Option 2 – align trade marks and PBR with patents and designs*

This option involves amending:

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<sup>156</sup> Davison and Horak, *Shanahan's Australian Law of Trade Marks and Passing Off* (5<sup>th</sup> ed, 2012), p 915.

<sup>157</sup> [Transport Tyre Sales Pty Ltd v Montana Tyres Rims & Tubes Pty Ltd \[1999\] FCA 329](#), where the trade mark owner failed in infringement, but was still able to stop the groundless threats proceeding.

<sup>158</sup> [Montana Tyres Rims & Tubes Pty Ltd v Transport Tyre Sales Pty Ltd \[1998\] FCA 708](#).

- the PBR Act to include protection against unjustified threats of infringement, based on the patents provisions
- the Trade Mark Act to use the term 'unjustified' instead of 'groundless' and to repeal s.129(5).

*Option 3 – align the rights and allow additional damages*

This option involves amending the trade marks and PBR legislation as in option 2, plus amending patents, trade marks and designs (and possibly PBR) to allow additional damages to be awarded where the IP rights holder has made blatant and unjustified threats of infringement against another party. These provisions would correspond with the current additional damages provisions for flagrant acts of infringement of patents, trade marks or designs.

**Proposal**

At this stage, option 3 is proposed. This option would provide all types of businesses with effective protection against unjustified threats of infringement, align the terminology across the IP rights, discourage blatant abuse by IP owners and provide some balance between parties, particularly for SMEs.

The amendments would apply to all patents, trade marks, designs and PBR as of commencement, but only in relation to actions that occur on or after commencement.

## 18. Clarify ownership of Plant Breeder's Rights

### 18.1 Joint breeders

#### Background

Approximately 80% of applicants for PBR are SMEs<sup>159</sup> and around 40% are Australian.<sup>160</sup> The majority of PBR applications received by IP Australia are sought jointly, in the name of two or more breeders. This is because in the plant breeding industry it is common for multiple breeders to collaborate and develop a new variety together.

#### Problem

The *Plant Breeder's Rights Act 1994* currently allows rights to be granted to a breeder as an individual or jointly with one other breeder (two breeders in total).<sup>161</sup> It does not specifically allow PBR to be granted to more than two joint breeders. Around 2% of applications (around 5 to 10 each year) involve more than two breeders, who under the current law appear unable to have PBR granted to them for a variety they helped to develop. This limitation is also inconsistent with other provisions of the Act which anticipate that there may be more than two breeders for a plant variety.<sup>162</sup>

#### Options

##### *Option 1 – no change*

PBR would continue to be granted in the name of one or two breeders jointly.

##### *Option 2 – allow more than two breeders to lodge a joint application*

The PBR Act would be amended to enable PBR to be granted to more than two breeders jointly. This option would particularly benefit SMEs, as they would be better placed to protect and exploit their rights. Clearly allowing applications from multiple breeders would enable and encourage partnerships between SMEs and large agricultural corporations or government organisations. This would also maximise their ability to receive a return on their investment and more accurately reflect the nature of the plant breeding industry.

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<sup>159</sup> Source: IP Australia Chief Economist.

<sup>160</sup> IP Australia Data, available at: [www.ipaustralia.gov.au/about-us/what-we-do/facts-and-stats/](http://www.ipaustralia.gov.au/about-us/what-we-do/facts-and-stats/).

<sup>161</sup> *Plant Breeder's Rights Act 1994*, s [45\(2\)](#).

<sup>162</sup> *Plant Breeder's Rights Act 1994*, s [3\(1\)\(c\)\(ii\)](#) and s [24\(3\)](#).

## Proposal

At this stage, option 2 is recommended as it has the highest net benefit. SMEs would particularly benefit as they are likely to wish to partner with other organisations.

## 18.2 Correcting an error in the name of the applicant

### Background

The Registrar is able to amend the Register in a number of situations, such as where a PBR has been assigned to another party, conditions have been placed on the grant of a PBR, or a PBR has been revoked.<sup>163</sup> However, the PBR Regulations do not enable the Registrar to correct the PBR Register where there is a mistake or omission. In contrast, the other IP right legislations enable the Commissioner or Registrar to make changes to the respective Registers on his or her own motion, or on request from an applicant. This may be done to correct clerical errors and for various other reasons.<sup>164</sup>

### Problem

Uncorrected entries on the Register could result in confusion and disputes over the ownership of a granted PBR. The absence of provisions to enable the Registrar to correct the PBR Register is also inconsistent with the other IP rights legislation. Without a clear power, any corrections made to the Register could be challenged.

### Options

#### *Option 1 – no change*

The PBR legislation would continue to not permit the Register to be corrected.

#### *Option 2 – Amend the PBR Regulations only to allow for corrections in the PBR Register*

Paragraph [80\(2\)\(d\)](#) of the PBR Act provides that regulations may be made to provide for amendment of an entry in the Register to correct a clerical error or obvious mistake. Option 2 involves simply making a new regulation to allow the Registrar to correct a clerical error or obvious mistake either on his or her own motion, or in response to a request from an applicant. The regulation could be modelled on the Designs regulation [9.05](#). This regulation also provides that the Registrar must notify persons with an interest in a design about a proposed amendment and, where the amendment would materially alter the meaning or scope of an entry, publish a notice of the request and allow other parties to oppose it.

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<sup>163</sup> *Plant Breeder's Rights Act 1994*, s [21](#), [49](#), [51](#).

<sup>164</sup> *Patents Act 1990*, s [191A](#), [192](#) and [228\(2\)\(e\)](#); *Patents Regulations 1991*, r 10.7(3); *Trade Marks Act 1995*, s [216](#); *Trade Marks Regulations 1995*, r [11.2](#); *Designs Act 2003*, s [114](#) and [120](#); *Designs Regulation 2004*, r [9.05](#).

### *Option 3 – Amend the PBR Act and Regulations to allow for corrections to the PBR Register*

The patents legislation provides a model for this option. The Patents Act provides the Commissioner with the power to rectify the Patents 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.<sup>165</sup>

This is a wider range of rectifications than that possible under Option 2. The Patents Regulations provide that the Commissioner must publish a notice of the rectification under certain circumstances.<sup>166</sup>

#### **Proposal**

At this stage, option 3 is recommended as it would enable the Register to be corrected in a range of circumstances. Amending both the Act and the regulations would increase legislative complexity, but this would be more than offset by parties being able to avoid court action to address issues. This option would largely benefit SMEs, since they comprise the majority of PBR owners.

Option 2 would enable the Register to be corrected with fewer changes to the legislation, but in a more limited range of circumstances.

## **19. Trade marks and shelf companies**

### **Background**

Section [27](#) of the Trade Marks Act requires that, when a person applies for a trade mark, the person must claim to be the owner of that trade mark and one of the following applies:

- The person is using or intends to use the trade mark in relation to the goods and/or services
- The person has authorised or intends to authorise another person to use the trade mark in relation to the goods and/or services
- The person intends to assign the trade mark to a body corporate *that is about to be constituted* with a view to the use by the body corporate of the trade mark in relation to the goods and/or services.

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<sup>165</sup> *Patents Act 1990*, s [191A\(1\)](#).

<sup>166</sup> *Patents Regulations 1991*, r [10.7](#).

The purpose of these requirements is to prevent people from obtaining trade marks and 'squatting' on them to prevent others from using them, but with no intention of using the trade marks themselves.

## **Problem**

It is common for businesses to purchase shelf companies which are already constituted but have no business activity, rather than go through the incorporation process. Currently the wording "that is about to be constituted" does not appear to permit an applicant to apply for a trade mark if the intention is to assign the trade mark to an existing shelf company. There is no policy reason why a trade mark applicant should not be able to do so. This wording creates uncertainty over the validity of trade marks that were obtained in this way, although IP Australia is not aware of any trade marks being challenged on this basis to date.

The wording of section [27](#) is also inconsistent with section [59](#). Section 59 provides that the registration of a mark may be opposed on the ground that the applicant does not intend to use or authorise the use of the mark, or to assign it to a body corporate. Unlike section [27](#), this section does not specify a particular type or status of body corporate.

## **Options**

### *Option 1 – no change*

The current wording in section [27](#) of the Act would remain, maintaining uncertainty about the validity of any trade mark that was applied for with an intention to authorise the use of that trade mark by a shelf company.

### *Option 2 – amend section [27](#)*

Amend section 27 of the Act to remove the restriction to a body corporate 'that is about to be constituted'. However, paragraph [28\(1\)\(c\)](#) of the *Tobacco Plain Packaging Act 2011* may also need to be amended, which may be sensitive issue.

This option would benefit Australian business by clarifying the validity of a large number of future trade marks. If a trade mark was found to be invalid on this issue, the cost to business would depend on the value of the mark but could be substantial. By simply removing the restriction, SMEs would be clearly permitted to assign trade marks to body corporates, whether already constituted or not.

## **Proposal**

At this stage Option 2 is recommended as it benefits Australian business by removing uncertainty about the validity of registered trade marks. The proposed amendment would particularly benefit SMEs, who comprise around 70% of trade mark owners.

## 20. Customs notice of seizure

### Background

The Chief Executive Officer of the Australian Customs and Border Protection Service (Customs) is permitted to seize and deal with goods that are imported into Australia if the importation infringes, or appears to infringe, a registered trade mark. When this occurs, Customs must give both the designated owner of the goods and the trade mark owner a written notice identifying that the goods have been seized.<sup>167</sup> Customs issues around 3000 of these notices each year.<sup>168</sup>

### Problem

The provisions in the *Electronic Transactions Act 1999* and the *Customs Act 1901* enable the notice of seizure to be delivered electronically. However, section [134](#) of the *Trade Marks Act 1995* requires that Customs provide this notice 'either personally or by post', restricting the means by which Customs can deliver its seizure notices. Customs has advised IP Australia that they would like section [134](#) to be amended to allow for the delivery of notices of seizure by other means, including electronically (such as e-mail). Many businesses prefer to receive communications electronically. Enabling the notice to be provided electronically is expected to speed up the process for seizure and resolving disputes, resulting in time savings for business and reducing Customs' administration costs.

### Options

#### *Option 1 – no change*

No change. The current wording of section [134](#) would remain. Notices issued by Customs would continue to be required to be delivered either personally or by post.

#### *Option 2 – allow Customs to give the notice by other means*

Amend section [134](#) of the Act by deleting or replacing the words 'either personally or by post' with words such as 'using an approved means'. The exact wording would be agreed with Customs.

Option 2 is expected to result in a net benefit to Australian business and to Customs. This option would permit Customs to issue notices electronically or by other means approved by the Customs CEO.

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<sup>167</sup> *Trade Marks Act 1995*, s [134](#).

<sup>168</sup> Data provided by Australian Customs and Border Protection Service, August 2014.

**Proposal**

At this stage, option 2 is proposed as it would result in a net benefit to Australian business and to Customs. This option is expected to particularly benefit SMEs, as they comprise around 70% of trade mark applicants.

# Technical fixes

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The following proposals correct some technical errors and inconsistencies in the IP legislation dealing with the regulation of patent and trade mark attorneys.

## 21. Publishing personal information of IP attorneys

### Background

The Designated Manager, the Director General of IP Australia, registers patent and trade mark attorneys in Australia. It is illegal for an IP attorney to practice without being registered. The Professional Standards Board for Patent and Trade Marks Attorneys (the PSB) administers the regulatory and disciplinary regime for IP attorneys in Australia.<sup>169</sup>

The privacy notice appearing on the PSB website, and on attorney registration and renewal forms, states that the personal information of attorneys that is provided to the Designated Manager will be disclosed to the PSB for publication on its website. This information comprises the attorney's name and 'publication' address, which may be a post office box or non-residential address. This information is published to allow members of the public to identify and locate IP attorneys, and to provide a way of verifying that they are officially registered.

Some registered IP attorneys do not practice, but maintain their qualifications to assist them in their work or to make it simpler to practice again, should they wish to. For example, around 20 IP Australia staff are qualified, non-practising IP attorneys. Their publication address is IP Australia's post office box.

### Problem

The patent and trade marks legislation does not contain any provisions authorising the Designated Manager or the PSB, to publish the personal information of registered attorneys.

Under the Australian Privacy Principles in the *Privacy Act 1988*, where the public is notified that personal information is being collected by a public agency for a specific purpose, including publication, the agency can publish this information in line with the notification.<sup>170</sup> As the PSB notice clearly informs attorneys of the purpose for collecting their names and addresses, the PSB is able to rely on the privacy principles to lawfully publish these details on its website.

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<sup>169</sup> *Patents Act 1990*, [Chapter 20](#); *Trade Marks Act 1995*, s [156](#), [228A - 229](#).

<sup>170</sup> *Privacy Act 1988*, [Part III Division 2](#) and [Schedule 1](#). In particular, Australian Privacy Principle 6.

There are currently around 1300 registered IP attorneys. Recently, some IP attorneys have told the PSB that they do not want their name and address details published on the PSB website. In such cases the PSB may have no legal authority to publish the information. In these situations the public is not able to verify that an attorney is registered to practice in Australia and covered by professional indemnity insurance. The public could conduct other types of searches but these may not yield the required information. The more IP attorneys not listed on the PSB website, the higher the risk of businesses using unregistered attorneys. The cost to businesses of receiving substandard work service, particularly without insurance, could be significant.

Additionally, Australia and New Zealand have signed a Bilateral Arrangement for the trans-Tasman regulation of patent attorneys. This arrangement is being implemented by the [Intellectual Property Laws Amendment Bill 2014](#), recently passed by Parliament. The Arrangement provides that the name and address details of all registered patent attorneys will be made publicly available.<sup>171</sup> Current Australian law is not consistent with this feature of the agreement.

## Options

### *Option 1 – no change*

IP attorneys would continue to be able to prevent their names and address details being published by the PSB.

### *Option 2 – introduce a provision that enables the PSB to publish attorney personal information*

This option would involve amending the patents and trade marks legislation to enable (but not require) the PSB to publish the name and 'publication' address of all registered attorneys, as collected by the Designated Manager. This would be similar to current patents legislation which enables IP Australia to publish the name and address details of patent applicants.<sup>172</sup> This option would provide a legal basis for the PSB to publish the information in all circumstances.

IP attorneys may continue to use a non-residential address or a PO box if they wish to maintain privacy. Non-practising attorneys would be given the option of using IP Australia's address as their 'publication' address, and provide the Designated Manager with their actual address.

## Proposal

Option 1 does not meet the needs of businesses using IP attorney services and would be inconsistent with the Bilateral Arrangement with New Zealand.

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<sup>171</sup> [Arrangement between the Government of Australia and the Government of New Zealand relating to trans-Tasman regulation of patent attorneys](#), March 2013, paragraph 4.9.

<sup>172</sup> For example, *Patents Act 1990*, s [53](#) and *Patents Regulations 1991*, r [4.1](#).

At this stage, option 2 is proposed. Option 2 would ensure that IP attorneys can be identified by the public, minimising the risk of non-registered attorneys practising in Australia. Option 2 would also comply with the Privacy Principles by enabling attorneys (particularly those that are non-practising) to use a non-residential address. There is a small risk that practising attorneys who do not want their contact details published would falsely claim to be non-practising, but this would be inappropriate conduct and if identified could result in disciplinary action by the PSB. Option 2 also provides the PSB with the discretion to not publish personal information if the circumstances warrant this.

## 22. Prosecution of IP attorney offences

### Background

The patent and trade marks legislation provides a number of criminal offences relating to the attorney professions. These offences relate to unauthorised and fraudulent conduct, and carry maximum fines of either 30 penalty units (\$5,100) for individuals and partners or 150 penalty units (\$25,500) for companies and incorporated firms.<sup>173</sup> The prosecution for such offences must be brought within five years of the commission of the offence,<sup>174</sup> rather than the one year limit provided under the *Crimes Act 1914*<sup>175</sup> which would otherwise apply. The reason for the longer period for attorney offences is that, due to the often long IP application process, it can be difficult to determine for some years whether an offence may have been committed. The drafting of application documents by unqualified people can result in serious losses to innovators.

The Raising the Bar reforms in 2012 enabled attorney firms to be incorporated and added additional offences to cover such firms. However, some consequential amendments were missed and the five year prosecution period was not applied to the new offences for incorporated firms. These offences are:<sup>176</sup>

- a company that is not a registered patent attorney describes itself as a patent attorney or an agent for obtaining patents
- an incorporated patent attorney does not have a patent attorney director and does not notify the Designated Manager within seven days, and a similar offence for incorporated trade mark attorneys

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<sup>173</sup> *Patents Act 1990*, s [201](#), [201B](#), [202](#), [202A](#), [202B](#), [203](#); *Trade Marks Act 1995*, s [156](#), [157A](#).

<sup>174</sup> *Patents Act 1990*, s [204](#), *Trade Marks Act 1995*, s [156\(4\)](#).

<sup>175</sup> *Crimes Act 1914*, s [s 15B\(1A\)\(b\)](#).

<sup>176</sup> *Patents Act 1990*, ss [201\(6\)](#), [201B](#), [202B](#); *Trade Marks Act 1995*, s [157A](#).

- an employee or member of an incorporated patent attorney or incorporated legal practice prepares a specification or an amendment of a specification without being a registered patent attorney and without being instructed to do so by an attorney or a court order.

This means that a prosecution under these offences may only be commenced within one year after the commission of the offence, not within five years as for the other offences.

### **Problem**

The difference in prosecution timeframes for incorporated attorney offences is an unintended oversight, is likely to create confusion and has no basis in policy. Parties should have the same period in which to commence prosecutions against incorporated patent and trade marks attorneys as for attorneys who are natural persons. To IP Australia's knowledge, no cases have yet arisen<sup>177</sup> but under the current legislation there is a risk that the objectives of the incorporated firm offences will not be achieved.

### **Options**

#### *Option 1 – no change*

The current differences in the prosecution timeframes would be maintained.

#### *Option 2 – five year periods for all attorney offences*

This option involves amending s.204 of the Patents Act and s.156(4) of the Trade Marks Act to also refer to the above incorporated attorney offences.

#### *Option 3 – one year period for all attorney offences*

This option involves repealing s.204 of the Patents Act and s.156(4) of the Trade Marks Act so that the one year prosecution period applies to all attorney offences. This would be in accordance the Crimes Act, the Attorney General Department's guidelines on drafting offence provisions and various Legal Profession Acts prescribing legal practitioner-related offences in the States and Territories.

### **Proposal**

At this stage, option 2 is proposed. The longer period is justified due to the particular characteristics of IP rights and consistent with the policy intent of the Raising the Bar reforms.

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<sup>177</sup> The Commonwealth Director of Public Prosecutions Sentencing Database records no successful prosecutions under these provisions, however some as yet unsuccessful prosecutions may have been commenced.

