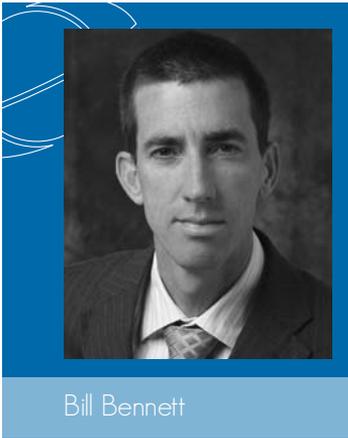


A REFERENCE GUIDE TO THE

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AUSTRALIAN  
PATENT SYSTEM



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# Foreword

This text is intended to give the reader an overview of the Australian Patent System. The text initially gives an overview of the core issues of validity and infringement under Australian law, and it then focuses on procedures available before the Australian Patent Office.

For convenience, the procedures are divided into procedures available prior to official acceptance of the application, procedures available after official acceptance of the application, and procedures available after grant of the patent.

The author has attempted to keep the text as brief as possible, so that the text can be used as a quick reference guide which outlines the substantive law, and then briefly explains what procedures are available to the applicant, or to third parties.

We hope that this text will be a useful reference guide for foreign attorneys, agents, paralegals, and IP managers.

Whilst all care has been taken in the preparation of this text, it does not constitute legal advice and it cannot give rise to a client-attorney relationship, nor any liability on the part of the author and/or Pizzey's for any decisions, actions, or inactions taken in reliance on this text.

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# types of patents

## 1.1 Introduction

There are three types of patents available under the Australian Patents Act 1990, namely:

- standard patents;
- innovation patents; and
- patents of addition.

Additionally, there is a type of patent application known as a provisional patent application. A provisional patent application can act as a priority application, but it cannot mature into a patent in its own right.

This text is primarily directed to the discussion of standard patents. However, innovation patents and patents of addition are dealt with below.

**This text is primarily directed to the discussion of standard patents.**

## 1.2 Standard patents

Standard patents have a term of 20 years from the effective date of filing<sup>1</sup>. Annual renewal fees are payable from the 5th to 19th anniversaries, inclusive.

If the standard patent is derived from a PCT application, then the effective date of filing is the International Filing Date<sup>2</sup>.

If the standard patent makes a claim to divisional status from an earlier patent application, then the effective date of filing of the divisional application is the same as the effective date of filing of the parent application<sup>3</sup>.

## 1.3 Innovation patents

Innovation patents have a term of 8 years from the effective date of filing<sup>4</sup>. Annual renewal fees are payable from the 2<sup>nd</sup> to 7<sup>th</sup> anniversaries, inclusive.

Innovation patents are limited to 5 claims<sup>5</sup>.

In addition to the subject matter requirements discussed below for a standard patent, an innovation patent cannot be directed to a plant or animal, or to a biological process for the generation of a plant or animal<sup>6</sup>. An exception to this is where the invention is a microbiological process or a product of such a process<sup>7</sup>.

... an innovation patent need only be directed to an invention having an “innovative step” over the prior art.

Unlike standard patents, which must be directed to an invention having an inventive step over the prior art, an innovation patent need only be directed to an invention having an “innovative step” over the prior art<sup>8</sup>.

An innovative step exists if the variation over the prior art makes a “substantial contribution to the working of the invention”<sup>9</sup>. Thus, any variation

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1 Section 67  
2 Section 88(4)  
3 Regulation 6.3(7)(c)  
4 Section 68  
5 Section 40(2)(c)  
6 Section 18(3)  
7 Section 18(4)  
8 Section 18(1A)(b)(ii)  
9 Section 7(4)

over the prior art which makes a substantial contribution to the working of the invention is good subject matter for an innovation patent.

Innovation patents proceed directly to acceptance and grant without any substantive examination<sup>10</sup>. However, an innovation patent cannot be asserted against an infringer until after it is “certified” (i.e. examined)<sup>11</sup>.

Examination/certification can be requested by the patentee, or by a third party, or it can be initiated by the Commissioner<sup>12</sup>.

The claims of an innovation patent can be broadened up until the time that the innovation patent is examined/certified, provided that no new matter is claimed<sup>13</sup>. This may allow the patentee to re-draft granted claims for the purpose of capturing an infringer that has emerged after grant of the innovation patent.

It is possible up until one month after examination/certification to file a divisional application for an innovation patent<sup>14</sup>.

After examination/certification, the validity of the innovation patent can be further challenged via opposition<sup>15</sup>, re-examination<sup>16</sup> or revocation.<sup>17</sup>

As a consequence of:

- (i) the lower standard for patentability,
- (ii) the ability to broaden the claims after grant but prior to certification, and
- (iii) the ability to file divisional applications up until one month after certification,

innovation patents can be of great value to patentees who are particularly interested in enforcement, life cycle management, or obtaining shorter-term protection for inventions which represent non-inventive steps over the prior art.

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10 Section 52 & Section 62

11 Section 120(1A)

12 Section 101A

13 Section 102(2A)(b)

14 Section 79C, Regulation 6A.2

15 Section 101M, Regulation 5.3AA

16 Section 101G

17 Section 138

An application for a standard patent can be converted to an application for an innovation patent in the event that the inventive step standard cannot be met during prosecution of the standard application. Thus, conversion provides a valuable fall-back position for standard applications. Conversion cannot occur after acceptance<sup>18</sup>.

## 1.4 Patents of Addition

A Patent of Addition can be granted for a non-inventive “improvement or modification” notwithstanding the earlier publication of a “main invention” by the same inventor(s)<sup>19</sup>.

Publication of the “main invention” between the priority date of the application for the main invention and the priority date of the application for the “improvement or modification” is excluded from the prior art base for the purpose of assessing the obviousness of the “improvement or modification”.

**A Patent of Addition is particularly useful for obtaining specific protection for improved or modified commercial embodiments which are developed after the filing of the main patent ...**

No renewal fees are payable in respect of a Patent of Addition and the term of the Patent of Addition is tied to the term of the main patent<sup>20</sup>. However, in the case of pharmaceutical patents, the term of the Patent of Addition can be extended regardless of whether or not the term of the main patent is also extended<sup>21</sup>. It follows that a Patent of Addition may be useful for life cycle management where the main patent is, for some reason, not eligible for an extension of term.

A Patent of Addition is particularly useful for obtaining specific protection for improved or modified commercial embodiments which are developed after the filing of the main patent and which are not expressly claimed in the main patent.

<sup>18</sup> Regulation 10.3(3)

<sup>19</sup> Section 81, Section 25, Regulation 2.4

<sup>20</sup> Section 83(1)

<sup>21</sup> Section 83(2)

A standard patent application (or patent) can be converted to be a Patent of Addition at almost any time. Thus, the conversion may be made during the prosecution of the later standard application in response to a rejection based on the publication of the main invention. The only restriction on timing is that the “main” application (or patent) must be in force at the time that the later application (or patent) is converted to be a Patent of Addition<sup>22</sup>.

The ability to convert from a standard application to an application for a Patent of Addition during prosecution offers applicants a convenient solution in a situation where the applicant has its own prior art cited against it. Indeed, it is also theoretically possible to make such a conversion where the prior art belongs to a 3<sup>rd</sup> party, provided the 3<sup>rd</sup> party consents.

A Patent of Addition need not be more limited in scope than the earlier patent for the main invention. Thus, a patent of addition offers a mechanism to potentially pursue claims which are broader than the originally issued claims in the main patent.

The ability to convert from a standard application to an application for a Patent of Addition during prosecution offers applicants a convenient solution in a situation where the applicant has its own prior art cited against it.

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22 Part 2.19.1.4 of the Examiner’s Manual

# 2



## validity

### 2.1 Subject matter

Australia is generally consistent with the US on patentable subject matter issues.

The bulk of the exclusions to patentability have developed through the common law, rather than through express statutory exclusions.

#### 2.1.1 Express statutory exclusions

The only express statutory exclusion is “human beings, and the biological processes for their generation”<sup>23</sup>.

Additionally, the Commissioner has a discretionary power to refuse applications which are directed to inventions which are contrary to law, or are foods or medicines which are mere admixtures of known ingredients<sup>24</sup>.

The extent of the express statutory exclusion was considered in *Fertilitescentrum AB and Luminis Pty Ltd's Application*<sup>25</sup>.

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23 Section 18(2)

24 Section 50(1)

25 [2004] APO 19

In that decision, the Deputy Commissioner concluded:

*“The prohibition of ‘human beings’ is a prohibition of patenting any entity that might reasonably claim the status of a human being, including a fertilised ovum and all its subsequent manifestations.”*

and further,

*“The prohibition of biological processes for the generation of human beings covers all biological processes applied from fertilisation to birth – so long as the process directly relates to the generation of the human being.”*

Thus, the examiner’s manual<sup>26</sup> directs examiners to reject claims directed to:

*fertilised human ova and equivalents, zygotes, blastocysts, embryos, fetuses, and totipotent human cells including those cells that are the products of nuclear transfer procedures;*

and,

*methods of in vitro fertilisation, processes for intracytoplasmic sperm injection, processes for cloning at the 4-cell stage, processes for cloning by replacing nuclear DNA, processes or methods of growing or culturing fertilised ova, zygotes or embryos etc., and processes or methods for introducing transgenes and donor genetic or donor cytoplasmic material into fertilised ova, zygotes or embryos etc.*

## 2.1.2 Non-express statutory exclusions

The majority of subject matter exclusions have been developed through case law rather than through express statutory exclusions.

It is a requirement for patentability that an invention be a “manner of manufacture within the meaning of Section 6 of the Statute of Monopolies”<sup>27</sup>.

An understanding of this expression requires a brief history lesson. The *Statute of Monopolies* was enacted in the United Kingdom in 1623 and had the effect of restricting the Crown’s right to confer monopolies. The *Statute of Monopolies* established that the Crown could only confer monopolies to the inventors of new “manners of manufacture”.

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26 At Part 2.9.5

27 Section 18(1)(a)

Section 6 of the *Statute of Monopolies* reads as follows:

*Provided also, and be it declared and enacted that any declaration before mentioned shall not extend to any letters patent, and grants of privilege for the term of 14 years or under hereafter to be made of the sole working or making of any manner of new manufactures within this Realm to the true and first inventor and inventors of such manufactures which others at the time of making such letters patent and grants shall not use so as also they be not contrary to the law nor mischievous to the State by raising prices of commodities at home or hurt of trade, or generally inconvenient, the said fourteen years to be accounted from the date of the first letters patent or grant of such privilege hereafter to be made, but that the same shall be of such force as they should if this Act had never been made, and of none other. (underlining added)*

For a period of about 250 years between the enactment of the *Statute of Monopolies* and legislative activity in the second half of the 19th Century, the development of patent law had been left to the courts. During this time, the courts established numerous exclusions on the basis that the subject matter was “contrary to law” or “mischievous to the state” or “generally inconvenient”. For example, there were at times exclusions to all process claims, to all methods of treatment of humans, and to all business methods.

**The common law  
exclusions of  
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Australian law ...**

In more recent times, legislation has largely replaced the common law with a statutory code. However, the requirement that an invention be a “manner of manufacture” remains in the current Australian statute. It is effectively a continuation of the common law approach which began almost 400 years ago. The common law exclusions of collocations, discoveries, mere working directions, mere printed matter, and others, remain alive in Australian law through the requirement that an invention be a “manner of manufacture”. This is contrast to many other jurisdictions which expressly recite in their patent statute any non-patentable subject matter categories.

Some of the more contentious subject matters are discussed below.

## 2.1.2.1 TREATMENT OF HUMAN BEINGS

For a long time after 1623, methods of treatment of human beings were regarded as incapable of patent protection on the basis that such patents would be

“generally inconvenient” to the public interest, i.e. they would impede the practice of medicine.

However, in the 1972 decision of the Australian High Court in *Bernhard Joos v Commissioner of Patents*<sup>28</sup>, which related to a process for improving the strength and elasticity of keratinous material such as hair and nails, it was decided that cosmetic processes or methods for improving or changing the appearance of the human body or any part of it which have a commercial application were proper subject matter for the grant of patents.

Subsequently, in a majority 1994 decision of the Full Federal Court in *Anaesthetic Supplies Pty Ltd v Rescare Ltd*<sup>29</sup>, which related to a method of treating sleep apnoea via the application of continuous positive airway pressure, the court decided that similar principles should apply to therapeutic methods of treatment of the human body. The majority of the Full Federal Court held that there was no justification in law or logic to distinguish a process of therapeutic treatment from that of cosmetic treatment, and that both of these forms of treatment may constitute patentable subject matter.

Thus, methods of treatment of human beings are patentable subject matter in Australia. Furthermore, other types of claim formats, such as second medical use (or “Swiss type”) claims are also acceptable in Australia.

### 2.1.2.2 SOFTWARE

In *CCOM v Jiejing*<sup>30</sup> the Full Federal Court reformulated the test for patentability in the context of software as whether there is:

*“a mode or manner of achieving an end result which is an artificially created state of affairs of utility in the field of economic endeavour.”*

Thus, the criteria for patentability are (a) an artificially created state of affairs, and (b) utility in the field of economic endeavour.

Consequently, the following are regarded as patentable subject matter:

- source code for patentable computer software;
- executable code for patentable computer software, which is in machine readable form; and
- a computer, when programmed to achieve any result which has utility in the field of economic endeavour.

<sup>28</sup> 126 CLR 611, and (1972) AOJP 3431

<sup>29</sup> 28 IPR 383

<sup>30</sup> 28 IPR 481

In summary, a wide range of software claim formats is acceptable under Australian law.

### 2.1.2.3 BUSINESS METHODS

It had historically been the case in Australia that business, commercial and financial schemes were not patentable.

However, in 1959 the Australia High Court pronounced in the NRDC case<sup>31</sup> (which was not a business method case) that any method which resulted in an “artificially created state of affairs” was proper subject matter for a patent. This liberal statement by the High Court opened the gates for patents in a range of new areas, and numerous patents were subsequently granted for “business methods”, including those which were not limited to being implemented in a technical environment.

The gates were substantially closed again in 2006 by the Full Federal Court in *Grant v Commissioner of Patents*<sup>32</sup>. The Full Federal Court concluded (at paragraph 32) that:-

*A physical effect in the sense of a concrete effect or phenomenon or manifestation or transformation is required. In NRDC, an artificial effect was physically created on the land. In Catuity and CCOM as in State Street and AT&T, there was a component that was physically affected or a change in state or information in a part of a machine. These can all be regarded as physical effects. By contrast, the alleged invention is a mere scheme, an*

Thus, the Full Federal Court found that a “physical effect” is a pre-requisite for patentability for business method cases.

*abstract idea, mere intellectual information, which has never been held to be patentable, despite the existence of such schemes over many years of the development of the principles that apply to manner of manufacture. There is no physical consequence at all. (underlining added)*

Thus, the Full Federal Court found that a “physical effect” is a pre-requisite for patentability for business method cases. It is noteworthy that the Full Federal Court expressly approved of earlier cases where the business method was implemented in a computer environment such that performance of the patented method resulted in a “change of state or information” in a part of the computer.

31 (1959) 102 CLR 252

32 [2006] FCAFC 120

It would seem clear that business methods which are implemented in a computer or other physical environment remain patentable, and it is methods which exist only in an abstract or intangible form which are excluded from patentability.

### 2.1.3 Threshold test

The High Court has held that Section 18(1)(a) should be interpreted as additionally imposing a threshold requirement that the claimed invention be an invention “on the face of the specification”<sup>33</sup>.

If there does not appear, to the skilled addressee, to be any invention disclosed and claimed in the application, there is a *prima facie* absence of patentable subject matter and it is unnecessary to apply the tests for validity based on prior art (i.e. novelty and inventive step).

## 2.2 Novelty

Australia has an “absolute” novelty standard and a one-year grace period.

It is perhaps worth noting that Australian law does not have an on-sale bar, *per se*. Rather, Australian law looks to whether the sale results in making the invention publicly available. If so, then that invention enters the prior art base and, subject to the operation of the grace period, may destroy novelty. In the alternative, if the sale does not result in making the invention publicly available, then it is deemed to be a secret use of the invention.

**Australia has an “absolute” novelty standard and a one-year grace period.**

Secret use is a ground of invalidity in its own right, which is discussed below separately.

In summary, the approach under Australian law is to first categorise any use of the invention (such as sale) as either “public” or “secret”, and to then deal with the resultant validity issues under either “novelty” or “secret use”.

<sup>33</sup> NV Philips Gloeilampenfabrieken v Mirabella International Pty Ltd 32 IPR 449

## 2.2.1 Prior art base for novelty

The prior art base for novelty is comprised of information made publicly available anywhere in the world before the priority date through either a document or an act<sup>34</sup>.

Information is regarded as being publicly available if it is communicated or made available to a single person outside of an obligation of confidentiality<sup>35</sup>.

Additionally, the prior art base for the purpose of novelty (but not inventive step) includes Australian patent applications which have earlier priority dates but which are published after the priority date of the claim under consideration<sup>36</sup>. A novelty rejection based on an unpublished earlier application is referred to under Australian practice as a “whole of contents” rejection in order to distinguish it from a novelty rejection based on published information.

## 2.2.2 Grace period

Under section 24 of the 1990 Patents Act, publication of the invention must be disregarded for novelty (and inventive step) considerations under certain prescribed circumstances.

- (1) Publications with the consent of the patentee<sup>37</sup>
  - (a) Publication of the invention within the 12 months prior to the filing date of the complete application is disregarded<sup>38</sup>;
  - (b) Publication of the invention at a “recognised exhibition” within the 6 months prior to the filing of either a basic application or a complete application is disregarded<sup>39</sup>;
  - (c) Publication of the invention in a paper written by the inventor and read before a “learned society” or published with the inventor’s consent by or on behalf of a “learned society” within the 6 months prior to the filing of either a basic application or a complete application is disregarded<sup>40</sup>; and
  - (d) Working in public of the invention within the 12 months prior to the filing of either a basic application or a complete application for the purposes of “reasonable trial” is disregarded, provided that, because of the nature of the invention, it is “reasonably necessary” for the working to be in public<sup>41</sup>.

34 Definition “prior art base” - Schedule 1

35 Monsanto (Brignac’s) Application (1971) RPC 153 at 159

36 Definition of “prior art base” - Schedule 1

37 Section 24(1)(a)

38 Regulation 2.2(1A)

39 Regulation 2.2(2)(a),(b)

40 Regulation 2.2(2)(c)

41 Regulation 2.2(2)(d)

(2) Publications without the consent of the patentee<sup>42</sup>

Publication without the consent of the patentee within the 12 months prior to the filing of either a basic application or a complete application is to be disregarded.

(3) Disclosure to government authorities<sup>43</sup>

All disclosure to government authorities is disregarded.

The most common scenario is that there has been a disclosure of the invention with the consent of the applicant. In such circumstances it is nearly always necessary to file an Australian complete application within the following 12 months.

However, in relation to publications at “recognised exhibitions” and “learned societies”, if a priority application is filed within 6 months of the first publication then a complete application may subsequently be filed within a further 12 months which claims priority from that priority application. Nonetheless, it is in general safer to comply with the standard 12 month deadline for filing a complete application since an exhibition must be “recognised<sup>44</sup>” before the potential benefit accrues, and there is no statutory definition of “learned society” which leaves the scope of this term unclear.

Similarly, in relation to publications for the purpose of “reasonable trial”, whilst it may be sufficient to file a priority application rather than a complete application within 12 months of the first public working, the applicant runs the risk of the court not agreeing with the “reasonableness” of the public nature of the trial. Thus, the safer course is to file an Australian complete application within 12 months of the first public working.

It is not necessary to invoke the grace period when filing, or to otherwise notify the patent office that the grace period is being relied upon.

Finally, it is worth noting that, where a patentee relies upon the operation of the grace period to disregard prior art information which was made available with the consent of the patentee, then a third party which avails itself of the invention before the priority date of the patent will have a prior user defence to infringement<sup>45</sup>.

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42 Section 24(1)(b)

43 Section 24(2)

44 Regulations 2.3(3),(4)

45 Section 119(3)

## 2.2.3 Required level of disclosure

*“The prior art must enable the notional skilled addressee at once to perceive and understand and be able practically to apply the discovery without the necessity of making further experiments. Whatever is essential to the invention must be read out of or gleaned from the prior publication.”<sup>46</sup>*

*“To anticipate the patentee’s claim, the prior publication must contain clear and unmistakable directions to do what the patentee claims to have invented ... A signpost, however clear, upon the road to the patentee’s invention will not suffice. The prior inventor must be clearly shown to have planted his flag at the precise destination before the patentee.”<sup>47</sup>*

The above quotes are representative of the standard of disclosure required for a prior art reference to anticipate a claim. The requirement that the reader be able to immediately “perceive and understand” the discovery, and that there be “clear and unmitakable directions”, means that the required standard of disclosure for anticipation is relatively high compared to other jurisdictions.

## 2.2.4 Selection inventions

The question of “selection” arises when the invention claimed is directed to a subset of a known set, and where the subset has some advantage over the

The question of “selection” arises when the invention claimed is directed to a subset of a known set, and where the subset has some advantage over the known set.

known set. Selection inventions usually arise in the context of chemical patents (i.e. selection of particular species from a genus) and process patents (i.e. selection of particular process parameters from within broadly disclosed ranges).

It is not necessary for the prior art reference to disclose all of the scope of the claim under consideration. Only that portion of the claim which falls within the prior disclosure will have the selection test applied to it. Any portion of the claim which falls outside the prior disclosure is subject to the normal tests for lack of novelty and inventive step.

<sup>46</sup> Nicaro Holdings Pty Ltd v Martin Engineering Co, 16 IPR 545 at 549

<sup>47</sup> General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd (1972) RPC 457 at 486

The matter of “selection” patents was considered in the case of *I.G. Farbenindustrie A.G.’s Patents*<sup>48</sup>, and the following criteria for a valid “selection” patent were laid down:

- (a) the selection must be based on some substantial advantage gained or some substantial disadvantage avoided;
- (b) the whole of the selected members must possess the advantage in question; and
- (c) the selection must be in respect of a quality of a special character which may fairly be said to be peculiar to the selected group.

The specification must describe the advantage possessed by the selected members and upon which the selection is based.

*“A mere selection among possible alternatives is not subject matter. A selection to be patentable must be a selection in order to secure some advantage or avoid some disadvantage. It must be an adaptation of means to ends impossible without exercise of the inventive faculty. It follows that in describing and ascertaining the nature of an invention consisting in the selection between possible alternatives, the advantages to be gained, or the disadvantages to be avoided, ought to be referred to”*<sup>49</sup>.

It is usually possible to belatedly amend the description to incorporate a description of the advantage, if required.

## 2.3 Inventive step

Australian law in relation to inventive step is significantly different from most other countries in that the prior art base for inventive step is significantly more restricted than the prior art base for novelty. The author predicts that Australian law is likely to be amended at some point in the future in order to become more harmonised with international standards.

### 2.3.1 Prior art base for inventive step

Whilst the prior art base for the purpose of novelty includes all public knowledge at the priority date of the claim in question (other than self-publications ruled out by the grace period) and it also includes earlier but unpublished Australian patent

<sup>48</sup> (1930) 47 RPC 289

<sup>49</sup> *Clyde Nail Company Ltd v Russell*, (1916) 33 RPC 291 at page 306.

applications, the prior art base for the purpose of determining inventive step is much more restricted under Australian law.

Firstly, earlier but unpublished Australian patent applications are not part of the prior art base for the purpose of inventive step.

Secondly, any prior art references which would not have been “ascertained, understood and regarded as relevant” are removed from the prior art base for the purpose of inventive step. The applicable sub-sections of Section 7 provide:

(2) *For the purposes of this Act, an invention is to be taken to involve an inventive step when compared with the prior art base unless the invention would have been obvious to a person skilled in the relevant art in the light of the common general knowledge as it existed in the patent area before the priority date of the relevant claim, whether that knowledge is considered separately or together with the information mentioned in subsection (3).*

(3) *The information for the purposes of subsection (2) is:*

*(a) any single piece of prior art information; or*

*(b) a combination of any 2 or more pieces of prior art information;*

*being information that the skilled person mentioned in subsection (2) could,*

... any prior art references which would not have been “ascertained, understood and regarded as relevant” are removed from the prior art base for the purpose of inventive step.

*before the priority date of the relevant claim, be reasonably expected to have ascertained, understood and regarded as relevant and, in the case of information mentioned in paragraph (b), combined as mentioned in that paragraph.*

Hence, in order to be eligible as prior art for the purpose of assessing inventive step, the prior art information must be information which the skilled person could “be reasonably expected to have ascertained, understood and regarded as relevant”.

Generally speaking, an examiner will cite a prior art reference on the assumption that it could have been reasonably ascertained, understood and regarded as relevant. The burden then falls to the applicant to argue otherwise.

### 2.3.1.1 ASCERTAINED

The word “ascertained” has been interpreted by the Federal Court as meaning “discovered” or “found”<sup>50</sup>. The courts tend to apply a “diligent searcher” standard as illustrated by the following quote:

*“... there may be documents which, although available, would never be looked at by anyone making such a search as our hypothetical addressee is supposed to have made. Attention was drawn to the fact that both heads (e) (novelty) and (f) (obviousness) in section 32 contain the words ‘having regard to what was known or used ... in the United Kingdom’. I doubt whether they were intended to mean the same in each case. If they were there would now be little, if any, difference between novelty and obviousness. Obviousness would cover practically every case of lack of novelty. In head (e) these words are used in an artificial sense and are held to include matter which in fact no-one in the United Kingdom ever knew or was likely to know, such as the contents of some foreign specifications which no-one had ever looked at and which the most diligent searcher would probably miss. I think that in head (f) the words should have the more natural meaning of what was or ought to have been known to a diligent searcher.”<sup>51</sup>*

It is important to consider the circumstances of the hypothetical search in order to determine what the diligent searcher would, or would not, be reasonably expected to ascertain. For example, the following circumstances may reasonably prevent the hypothetical diligent searcher from ascertaining certain prior art information:

- (a) the prior art reference is in a location which makes it difficult to find<sup>52</sup>;
- (b) the field of art is one where searches of patent literature would not usually occur<sup>53</sup>;
- (c) the relevant statement is buried in a very large document, most of which is not relevant to the problem at hand.

50 Dyno Nobel Asia Pacific Ltd v Orica Australia Pty Ltd 47 IPR 257

51 Technograph Printed Circuits Limited v Mills and Rockley (Electronics) Limited (1972) RPC 346 at 355

52 See B.C.D. Mecanique Ltee v Madness Gaming Products, Inc [2001] APO 70 where the prior art reference was in the files of the Dominican Republic Patent Department.

53 See Commissioner of Patents v Emperor Sports Pty Ltd where it was held that a football coach would not conduct a patent search.

## 2.3.1.2 UNDERSTOOD

The question of whether the person skilled in the art would reasonably be expected to have understood particular information in a document may arise where:

- a prior document is ambiguous, such that the person skilled in the art cannot understand it; or
- the technical level of the prior art document is too high to be understood by the person skilled in the art.

Additionally, there is scope for arguing that a non-English language disclosure would not be reasonably understood by the hypothetical searcher, although the only case on point known to the author did not accept this argument<sup>54</sup>.

## 2.3.1.3 REGARDED AS RELEVANT

A general test that has been used to establish relevance is:

*“The test in my judgement is whether it can be expected that the skilled man will be likely to recognize the document in question as being particularly pertinent to, though it may not specifically solve the problem before him.”<sup>55</sup>*

This issue was considered at length in the High Court decision of *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd*<sup>56</sup> although it is worth noting that, at the relevant time, Section 7(3) also included the words “to work in the relevant art in the patent area” after the word “relevant”.

At paragraph 152, the High Court in *Lockwood* stated:-

*Given the history, context, purpose and specific words of limitation in s 7(3), all of which were addressed by this Court in Firebelt, the phrase “relevant to work in the relevant art” should not be construed as meaning relevant to any work in the relevant art, including work irrelevant to the particular problem or long-felt want or need, in respect of which the invention constitutes an advance in the art. The phrase can only be construed as being directed to prior disclosures, that is publicly available information which a person skilled in the relevant art could be expected to have regarded as relevant to solving a particular problem or meeting a long-felt want or need as the patentee claims to have done. Otherwise the words of limitation in the last 40 words of s 7(3) would have no role to play. Any piece of public information in the relevant art*

54 *Heating Elements Ltd.* (1978) IPD 169

55 *Beecham Groups Limited's (Amoxycillin) Application* (1980) RPC 261 at 282

56 [No 2] [2007] HCA 21

*would be included, as is the case with the much broader and quite different formulation in the cognate provisions in the United Kingdom, which do not depend on the standard of a skilled person's opinion of the relevance of the information.*

The importance of this statement is that it arguably eliminates from the prior art base any prior art information that is not directed to solving the same problem (or at least an analogous problem) as that being faced by the patentee, on the basis that it would not be perceived to be relevant by the diligent searcher. Readers will appreciate that this potentially has the effect of eliminating from consideration a large amount of prior art, as the majority of the prior art will not be directed to solving the same problem (or an analogous problem) as that being solved by the patentee.

It remains to be seen if the deletion of “to work in the relevant art in the patent area” will have any effect on how this requirement is treated by the courts in future. It certainly has had an effect in one respect. In another case<sup>57</sup> also decided under the law applicable prior to the deletion of the words “to work in the relevant art in the patent area” from Subsection 7(3), the Full Federal Court held that these words imported a requirement that there actually be work in the relevant art in the patent area before a reference could be regarded as relevant and hence considered for inventive step. In that case the court was apparently prepared to rule out a prior art reference directed to artificial sweeteners on the basis that there was no research occurring in Australia for the purpose of identifying novel artificial sweeteners.

## 2.3.2 Combining references

Where reliance is placed on a combination of prior art references, it is additionally necessary to show that it could be reasonably expected that the references would be combined by the hypothetical skilled person.

It remains to be seen if the deletion of “to work in the relevant art in the patent area” will have any effect on how this requirement is treated by the courts in future.

<sup>57</sup> Ajinomoto Co Inc v NutraSweet Australia Pty Ltd [2008] FCAFC 34

In order to establish lack of an inventive step based on a combination of documents, it is generally accepted that there must be some suggestion or motivation, either in the documents themselves or in the knowledge generally available to the person skilled in the art, to combine the disclosures of the documents.<sup>58</sup>

The ability to combine references has only been available under Australian law since 2002. Hence, there is a paucity of case law which gives guidance on when references can be properly combined.

Interestingly, there is older case law in Australia which cautions against the picking and choosing of claimed features from a multitude of prior art references:

*It is rather whether it would have been obvious to a non-inventive skilled worker in the field to select from a possibly very large range of publications the particular combination subsequently chosen by the opponent in the glare of hindsight and also whether it would have been obvious to that worker to select the particular combination of integers from those selected publications. In the case of a combination patent the invention will lie in the selection of integers, a process which will necessarily involve rejection of other possible integers. The prior existence of publications revealing those integers, as separate items, and other possible integers does not of itself make an alleged invention obvious. It is the selection of the integers out of, perhaps many possibilities, which must be shown to be obvious. ... The opening of a safe is easy when the combination has been already provided.”<sup>59</sup>*

## 2.3.3 Common general knowledge

Obviousness is assessed with reference to the common general knowledge in the relevant art in Australia, taken either alone or in combination with one or more pieces of prior art information that could be reasonably ascertained, understood and regarded as relevant (and combined where more than one piece of prior art information is involved)<sup>60</sup>.

This requires consideration of what is encompassed by the term “common general knowledge”.

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58 Examiner’s Manual Part 2.5.2.5.6

59 *Minnesota Mining and Manufacturing Co v Beiersdorf (Australia) Limited* (1980) 144 CLR 253 at page 293.

60 Section 7

Firstly, it is worth noting that it is the common general knowledge in Australia, rather than the common general knowledge in other jurisdictions, that is to be considered. However, several recent decisions<sup>61</sup> have recognised that most arts are international in nature, and that the common general knowledge in Australia is usually the same as the common general knowledge in other jurisdictions. Accordingly, in the absence of evidence to the contrary, evidence of common general knowledge in other jurisdictions will usually be treated as being indicative of the state of the common general knowledge within Australia.

In *Minnesota Mining & Manufacturing Co v Beiersdorf (Australia) Limited*<sup>62</sup>, Aickin J. stated:

*“The notion of common general knowledge itself involves the use of that which is known or used by those in the relevant trade. It forms the background knowledge and experience which is available to all in the trade in considering the making of new products, or the making of improvements in old, and it must be treated as being used by an individual as a general body of knowledge.”*

Further, in *ICI Chemicals & Polymers Ltd v Lubrizol Corp*<sup>63</sup>, Emmett J stated:

*“The common general knowledge is the technical background to the hypothetical skilled worker in the relevant art. It is not limited to material which might be memorised and retained at the front of the skilled workers mind but also includes material in the field in which he is working which he knows exists and to which he would refer as a matter of course. It might, for example, include:*

- *standard texts and handbooks;*
- *standard English dictionaries;*
- *technical dictionaries relevant to the field;*
- *magazines and other publications specific to the field”*

Thus, in order to qualify as common general knowledge, the knowledge must be such that it is generally known, or at least generally available, to the hypothetical worker in the relevant field.

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61 *Genentech Inc's (Human Growth Hormone) Patent* [1989] RPC 613, *Biochem Pharma Inc v Emory University* [1999] APO 50, and also *Dyno Nobel Asia Pacific Ltd v Orica Australia Pty Ltd* 47 IPR 257

62 (1980) 144 CLR 253 at 292

63 45 IPR 577

## 2.3.4 Problem-solution approach and hindsight analysis

Whilst inventive step considerations in Australia are usually addressed within the “problem-solution” framework employed in Europe, the High Court in *Lockwood*<sup>64</sup> made it clear that the “problem-solution” approach can be unduly harsh on patentees, particularly where combination patents are involved. The High Court rejected the “problem-solution” approach as the sole approach to inventive step and stated at paragraph 65:-

*This Court rejected confining the question of obviousness to a “problem and solution” approach, particularly with a combination patent. This should not be misconstrued. The “problem and solution” approach may overcome the difficulties of an ex post facto analysis of an invention, which may be unhelpful in resolving the question of obviousness. However, it is worth repeating that the “problem and solution” approach may be particularly unfair to an inventor of a combination, or to an inventor of a simple solution, especially as a small amount of ingenuity can sustain a patent in Australia.*

## 2.3.5 Standard for inventive step

In *Lockwood*<sup>65</sup>, the High Court stated:-

In *Alphapharm*, this Court reiterated that “obvious” means “very plain”, as stated by the English Court of Appeal in *General Tire & Rubber Co v Firestone Tyre and Rubber Co Ltd*.

**Thus, the Australian standard for invention is relatively low compared to many other jurisdictions.**

Further, at paragraph 52 the High Court stated:-

A “scintilla of invention” remains sufficient in Australian law to support the validity of a patent.

Thus, the Australian standard for invention is relatively low compared to many other jurisdictions.

64 *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* [No 2] [2007] HCA 21

65 *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* [No 2] [2007] HCA 21

## 2.3.6 Useful sub-tests for invention

Whilst not being determinative, the following factors are often very influential in persuading examiners to withdraw inventive step rejections. Indeed, in a recent paper<sup>66</sup>, a High Court judge offered the view that secondary indicators of inventiveness should be given great weight as, unlike other tests for invention, they are not tainted by impermissible hindsight analysis.

### 2.3.6.1 ART TEACHES AWAY

According to the examiner's manual<sup>67</sup>, where the prior art, or the common general knowledge, teaches away from the claimed solution, the claim will have an inventive step.

### 2.3.6.2 LONG FELT NEED

If the claim solves a "long felt need", there is a presumption that a claim is not obvious as other inventors must have also tried to solve it and not succeeded:

*"... the question of obviousness is probably best tested, if this be possible, by the guidance given by contemporaneous events. ... If an invention has resulted in the solution of a problem which has been troubling industry for years and achieves immediate success upon its introduction, then the suggestion after the event that the step was obvious inevitably rings a little hollow."<sup>68</sup>*

### 2.3.6.3 COPYING

Copying of the invention in preference to the prior art is also indicative of an inventive step:

*"when once it has been found ... that the problem had waited solution for many years, and that the device is in fact novel and superior to what had gone before, and has been widely used, and used in preference to alternative devices, it is ... practically impossible to say that there is not present that scintilla of invention necessary to support the Patent ... . No evidence is more cogent of the success of the invention than that the defendants simply copied it and made profits by making and selling the products."<sup>69</sup>*

66 "Obviousness: different paths through Scylla and Charybdis" by Justice Crennan presented at IPSANZ Conference at Noosa on 16 September 2007

67 Part 2.5.3.9.1

68 Lucas and Another v Gaedor Ltd and Others (1978) RPC 297 at page 358.

69 Samuel Parkes & Co Ltd v Cocker Brothers Ltd (1929) 46 RPC 241 at page 248

and:

*“The fact that some of the defendant companies purchased large quantities ... of the plaintiff’s windows and subsequently manufactured themselves an article which can only be described as a copy in all material respects, demonstrates the existence of the kind of public need which is relevant to the question of obviousness.”<sup>70</sup>*

## 2.3.6.4 FAILURE OF OTHERS

If other inventors have tried to solve a problem and were not successful, the claim will likely involve an inventive step:

*“...when I find that the person who has made the invention, himself being a person skilled in the art, has had to take time and make experiments before he arrived at the solution that it is a solution which has apparently been sought for many years by various persons and has not been arrived at ... then I think in the light of that evidence the prima facie view which one might take ... and I do in this case come to the conclusion, that on the whole there is sufficient here to support the patent.”<sup>71</sup>*

and:

*“Dozens of inventors, and no doubt others as well, had tried and failed to find a satisfactory solution. It is not credible that this should have happened if the problem only needed workshop experiments to solve it.”<sup>72</sup>*

## 2.3.6.5 COMPLEXITY

If the work undertaken by the inventor in order to produce the invention was particularly complex, and not readily carried out, that is an indication that it was not a matter of routine. In such cases the invention would not be obvious.

*“The tracing of a course of action which was complex and detailed, as well as laborious, with a good deal of trial and error, with dead ends and the retracing of steps is not the taking of routine steps to which the hypothetical formulator was taken as a matter of course.”<sup>73</sup>*

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70 Meyers Taylor Pty Ltd v Vicarr Industries Ltd (1977) CLR 228 at page 239

71 Howaldt Ltd v Condруп Ltd (1937) 54 RPC 121 at page 133

72 Technograph v Mills (1972) RPC 346 at page 353.

73 Aktiebolaget Hassle v Alphapharm Pty Ltd [2002] HCA 59 at [58]

## 2.3.6.6 COMMERCIAL SUCCESS

Commercial success is indicative (but not conclusive) of an inventive step:

*“Commercial success can never of itself be decisive of inventiveness but it is a material matter, the weight of which must be determined by reference to all the surrounding circumstances.”<sup>74</sup>*

and again:

*“Commercial success is, of course, not of itself conclusive on an issue of obviousness, but it has been treated in case after case as a valuable weight in favour of the patent.”<sup>75</sup>*

## 2.4 Secret use

Secret use of the invention by the patentee within Australia prior to the priority date is a bar to patentability<sup>76</sup>. This ground of invalidity can only be raised in revocation proceedings.

The underlying policy reason for this ground of invalidity is that it is improper for an inventor to firstly benefit from secret commercial use of the invention, and then later benefit from a patent, thereby obtaining more than 20 years of exclusivity.

It is noteworthy that secret use of the invention outside of Australia does not give rise to any bar to patentability.

The line between public use by the patentee (which receives the benefit of the grace period) and secret use by the patentee (which does not) is not always clear in practice. A common thread which runs through the decided cases is the issue of confidentiality. The imposition of an obligation of confidentiality is often determinative of whether the use is treated as public or secret.

**It is noteworthy that secret use of the invention outside of Australia does not give rise to any bar to patentability.**

<sup>74</sup> Meyers Taylor Pty Ltd v Vicarr Industries Ltd, (above) at page 239.

<sup>75</sup> General Tire & Rubber Company v Firestone Tyre and Rubber Company Ltd (1972) RPC 457 at page 503.

<sup>76</sup> Section 18(1)(d)

In general, non-commercial secret use will not raise a bar to patentability. The following are statutorily deemed to not be secret use<sup>77</sup>:

- (a) any use of the invention by or on behalf of, or with the authority of, the patentee or nominated person, or his or her predecessor in title to the invention, for the purpose of reasonable trial or experiment only;
- (b) any use of the invention by or on behalf of, or with the authority of, the patentee or nominated person, or his or her predecessor in title to the invention, being use occurring solely in the course of a confidential disclosure of the invention by or on behalf of, or with the authority of, the patentee, nominated person, or predecessor in title;
- (c) any other use of the invention by or on behalf of, or with the authority of, the patentee or nominated person, or his or her predecessor in title to the invention, for any purpose other than the purpose of trade or commerce;
- (d) any use of the invention by or on behalf of the Commonwealth, a State, or a Territory where the patentee or nominated person, or his or her predecessor in title to the invention, has disclosed the invention, so far as claimed, to the Commonwealth, State or Territory.

In *Azuko Pty Ltd v Old Digger Pty Ltd*<sup>78</sup> the Court adopted a practical test for determining whether a use is secret or not. Specifically, it posed the question: has the patentee obtained a de facto extension of patent term by virtue of its prior use of the invention? The Court was of the view that the answer to this question will depend on whether the patentee obtained commercial gain through its prior use.

*If the invention is a process or method, to secretly use the process or method to make goods for sale can readily be seen as a secret commercial use of the invention which would extend the patent if done prior to the priority date. Another example of secret commercial use of that character is if the product which is manufactured according to a product claim is then secretly used as part of a manufacturing process to make other goods before the priority date. Another example would be the use of a device made according to the SDS patent as part of a drill rig engaged in commercial drilling, but in conditions of secrecy, prior to the priority date. To make an article for ultimate sale has, no doubt, a commercial aspect, but it does not amount to use of the product made and does not involve any de facto extension of the term of a patent claiming the product. The manufacturing of goods is not, in my opinion, commercial use of those goods.*<sup>79</sup>

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<sup>77</sup> Section 9

<sup>78</sup> (2001) 52 IPR 75 at 75

<sup>79</sup> *Azuko Pty Ltd v Old Digger Pty Ltd* (2001) 52 IPR at 183

In summary, any secret commercial use of the invention by the patentee prior to the priority date will likely invalidate the patent.

## 2.5 Entitlement

Section 15 specifies that a patent may only be granted to an entitled person.

*Subject to this Act, a patent for an invention may only be granted to a person who:*

- (a) is the inventor; or*
- (b) would, on the grant of a patent for the invention, be entitled to have the patent assigned to the person; or*
- (c) derives title to the invention from the inventor or a person mentioned in paragraph (b); or*
- (d) is the legal representative of a deceased person mentioned in paragraph (a), (b) or (c).*

Incorrect identification of the grantee(s) may give rise to invalidity. For example, nominating a non-entitled grantee may give rise to invalidity<sup>80</sup>. Similarly, omitting an entitled grantee may give rise to invalidity<sup>81</sup>.

Correcting applicant details is a relatively simple matter prior to grant of the patent, and is achieved via amendment to the Patent Request and corresponding Notice of Entitlement.

**Correcting applicant details is a relatively simple matter prior to grant of the patent ...**

However, amendment of the Patent Request, which nominates the grantee(s), is prohibited after grant<sup>82</sup> and correction of grantee details after grant is difficult.

One option is to seek an order for rectification of the Register from the Court<sup>83</sup>. Alternatively, the patentee might voluntarily offer to surrender<sup>84</sup> the flawed patent and then promptly re-file an identical application under special discretionary provisions which allow the newly filed application to receive the benefit of

80 *University of British Columbia v Conor Medsystems* [2006] FCAFC 154

81 *Stack v Brisbane City Council* [1999] FCA 1279

82 Regulation 10.3(9)

83 Section 192

84 Section 137

the priority date of the surrendered patent<sup>85</sup>. The re-filed application with the corrected grantee details will proceed directly to grant and will retain the priority date and patent term of the surrendered patent. Of course, an action for infringement can only be taken after the corrected grant has occurred<sup>86</sup>.

Ownership of employee's inventions is not expressly dealt with by the Australian patent statute. Assuming there is no express contractual arrangement between the employer and the employee, then ownership of an employee's invention is dealt with under the common law and equitable principles. Briefly, the position under the common law is that an employer will own the invention if the employee is "employed to invent"<sup>87</sup>.

Interestingly, the default position in relation to "researchers" is different from the default position in relation to "employees". According to a recent Federal Court decision:

*Absent express agreement to the contrary, rights in relation to inventions made by academic staff in the course of research, and whether or not they are using university resources, will ordinarily belong to the academic staff as the inventors under the 1990 Act. The position is different if staff have a contractual duty to try to produce inventions. But a duty to research does not carry with it a duty to invent.*<sup>88</sup>

## 2.6 Utility

There is a statutory requirement that an invention be useful<sup>89</sup>. The usefulness of an invention involves a qualitative rather than a quantitative assessment, and it is clear from the decided cases that a very small amount of utility will be sufficient.

It is necessary that the invention enable the addressee to achieve the result asserted to be attainable by the patentee. Hence, any variation between what is promised and what is achievable can invalidate a patent. The clear lesson for applicants is to not promise more than what can be achieved by the invention.

Utility can sometimes be an issue in arts such as biotechnology where the dividing line between discovery and invention is unclear. On this topic, it is noteworthy that

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85 Section 35

86 *GS Technology Pty Ltd v Elster Metering Pty Ltd* [2008] FCA 17

87 *Spencer Industries Pty v Collins* (2003) 58 IPR 425

88 *University of Western Australia v Gray* (No 20) [2008] FCA 498

89 Section 18(1)(c)

the Free Trade Agreement which was executed between Australia and the US in 2004 requires that “each party shall provide that a claimed invention is useful if it has a specific, substantial, and credible utility”<sup>90</sup>. This US-style utility requirement has not yet been implemented into Australian patent law. Thus, it remains possible as present to pursue claims directed to subject matter which is of somewhat indeterminate utility.

## 2.7 Sufficiency and best method

It is a requirement that the complete specification must describe the invention fully, including the best method known to the applicant of performing the invention<sup>91</sup>.

For applications involving biological material, the applicant may rely on the Budapest Treaty to meet the full description requirement. The Budapest deposit must be made before the filing date.

In *Kimberley-Clark Australia Pty Ltd v Arico Trading International Pty Ltd*<sup>92</sup>, the High Court of Australia expressed the requirement for a full description of the invention as:

*‘Will the disclosure enable the addressee of the specification to produce something within each claim without new inventions or additions or prolonged study of matters presenting initial difficulty?’*

It is noteworthy that the sufficiency requirement is met if only one embodiment within the scope of each claim is enabled. In contrast to other jurisdictions, there is no requirement that the full scope of the claim be enabled. Australian law on this point may change in the future in order to better harmonise with international standards.

With regard to the best method requirement, it is the best method known to the applicant at the time of filing the complete application which must be disclosed.

... it is the best method known to the applicant at the time of filing the complete application which must be disclosed.

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90 Article 17.9.13

91 Section 40(2)(a)

92 (2001) 207 CLR 1

Interestingly, as the law currently stands, the best method need not be disclosed at the time of filing the complete application. Rather, the best method known to the applicant at the time of filing can be introduced to the specification after filing. In *Pfizer Overseas Pharmaceuticals v Eli Lilly & Co*<sup>93</sup>, the full bench of the Federal Court of Australia stated that there was no reason why a specification could not be amended to add details of the best method at essentially any time after the filing date of the application, subject to the usual limitations regarding the allowability of amendments. By implication, the full description requirement might also be belatedly met. The court in *Pfizer* left open the question of the final date by which the description must comply with the full description/best method requirements. However, at the earliest it is the date of grant, and at the latest it is the date of infringement proceedings. Future amendment of the Australian statute may occur to remedy this disharmony with international standards.

## 2.8 Fair basis

It is a requirement under Australian law that the claims be fairly based on the matter described in the complete specification<sup>94</sup>.

In order for a claim to be fairly based, the claims must be broadly consistent with what the complete specification, as a whole, describes as the invention. As a consequence, fair basis does not call for any evaluation of whether the breadth of the claims exceeds the technical contribution to the art embodied in the invention. It follows that the fair basis requirement does not remedy the deficiency in the Australian approach to enablement discussed above.

According to the examiner's manual<sup>95</sup> the approach to be followed for fair basis is:

- Having regard to the specification and claims, identify the invention which is described and around which the particular claim is drawn;
- Compare the claim with that invention;
- Assess whether the claims are consistent with the invention described in the specification (i.e. whether there is a "real and reasonably clear disclosure" of the invention as defined by the features of the claim or whether the claims "travel beyond the subject matter of the invention"<sup>96</sup>).

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93 [2005] FCAFC 224

94 Section 40(3)

95 Part 2.11.7.1

96 *Lockwood v Doric* [2004] HCA 58 at 49

Given that the sufficiency requirement only requires the enablement of one embodiment within the scope of the claim, and given that the fair basis requirement simply requires broad consistency between the description and claims, it can be difficult under Australian law to prevent an applicant from making speculative claims, provided that they also make an equally speculative statement in the description.

As the fair basis requirement does not exist in major jurisdictions such as the US and Europe, it is possible that the fair basis requirement will be eliminated from Australian law in the future.

## 2.9 Double-patenting

Double patenting by the same inventor is prohibited<sup>97</sup>.

In order for the prohibition to apply, the claims in the respective patents must clearly be of identical scope.

*“if the claims of the two specifications were located in the same specification, would there be redundancy of claiming?”*

and

*“any situation giving rise to an objection under section 64(2) must be so plainly evident that it is beyond reasonable argument”<sup>98</sup>.*

In practice, this objection usually only arises if the claims are identical, and there is at least one common inventor. This allows applicants to pursue almost identical claims in both an innovation patent and a standard patent, with the resultant benefits of having both forms of protection.

In order for a claim to be fairly based, the claims must be broadly consistent with what the complete specification, as a whole, describes as the invention.

<sup>97</sup> Section 64(2)

<sup>98</sup> Smith Kline Beecham p.l.c.'s Application [2000] APO 54

# 3

## infringement & rights

### 3.1 Rights of patentee

*Subject to this Act, a patent gives the patentee the exclusive rights, during the term of the patent, to exploit the invention and to authorise another person to exploit the invention.<sup>99</sup>*

There is no definition of infringement in the statute. In order to prove direct infringement, a patentee must prove that the alleged infringer has “exploited” the claimed invention.

“Exploit” is defined as below.

*exploit, in relation to an invention, includes:*

- (a) where the invention is a product - make, hire, sell or otherwise dispose of the product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or*
- (b) where the invention is a method or process - use the method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use.<sup>100</sup>*

In order to infringe a claim, the alleged infringing product or process must embody each and every essential feature of the claim<sup>101</sup>.

<sup>99</sup> Section 13 (1)

<sup>100</sup> Schedule 1

<sup>101</sup> *Populin v HB Nominees Pty Ltd* (1982) ALR 471

## 3.2 Limitations period

Infringement proceedings must be commenced within:

- 3 years from the date on which the patent was granted, or
- 6 years from the date of the infringing act,

whichever period ends later<sup>102</sup>.

## 3.3 Restricted rights of patentee during extension of term of pharmaceutical patent

If the term of a pharmaceutical patent is extended, it is not an infringement during the extended term to exploit the pharmaceutical substance for a purpose other than therapeutic use<sup>103</sup>. Further, it is not an infringement to exploit any form of the invention other than a pharmaceutical, *per se*, or a pharmaceutical substance when produced by a process that involves the use of recombinant DNA technology<sup>104</sup>.

## 3.4 Rights of co-owners

In the absence of any agreement to the contrary, where there are multiple patentees each of them is entitled to an equal undivided share in the patent<sup>105</sup>, each of them can exploit the invention without accounting to the others<sup>106</sup>, but none of them can license or assign their interest without the consent of the others<sup>107</sup>.

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102 Section 120(4)

103 Section 78(a)

104 Section 78(b)

105 Section 16(1)(a)

106 Section 16(1)(b)

107 Section 16(1)(c)

This places a co-patentee which has the capacity to exploit the patent in its own right in an advantageous position relative to a co-patentee which cannot exploit the patent in its own right (e.g. a university or research organisation).

The Commissioner has a discretionary power to give directions to co-owners in relation to the granting of licences and assignments<sup>108</sup>.

## 3.5 Rights of exclusive licensee or mortgagee

If an exclusive licensee or mortgagee is registered against a patent, then the patent cannot be amended without the consent of the exclusive licensee or mortgagee<sup>109</sup>. The Commissioner has a discretionary power to direct that consent is not necessary if the Commissioner is satisfied that consent has been unreasonably refused<sup>110</sup>.

An exclusive licensee can initiate infringement proceedings<sup>111</sup>, although in such circumstances the patentee must be joined as a party to the proceedings<sup>112</sup>.

## 3.6 Construction of claims and equivalents

There is no doctrine of equivalents under Australian patent law. Rather, non-literal infringement is dealt with as a matter of claim construction.

*[O]n the question of infringement, the issue is not whether the words of the claim can be applied with verbal accuracy or felicity to the article or device alleged to infringe. It is whether the substantial idea disclosed by the specification and made the subject of a definite claim has been taken and embedded in the infringing thing<sup>113</sup>.*

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108 Section 17

109 Section 103(1)

110 Section 103(2)

111 Section 120(1)

112 Section 120(2)

113 *Radiation Ltd v Galliers & Kluerr Pty Ltd* (1938) 60 CLR 36 at 51

As will be apparent from the above quote, the courts are reluctant to adopt an overly literal approach to claim construction. By this mechanism, Australian courts address the issue of non-literal infringement.

For example, the courts avoid a too narrow or technical construction<sup>114</sup>, and adopt a commonsense or purposive construction rather than “a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge”<sup>115</sup>.

As a result of this “purposive” approach to claim construction, a patentee will only be held to a literal construction if a reader would have understood that strict compliance with the literal meaning was an essential requirement of the invention.

*The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.*<sup>116</sup>

The so-called “Improver questions” are useful as a guide to the application of the purposive approach to claim construction.

*(1) Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim.*

*If no - (2) Would this (i.e. that the variant had no material effect) have been obvious at the date of publication of the patent to a reader skilled in the art. If no, the variant is outside the claim.*

*If yes - (3) Would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention. If yes, the variant is outside the claim.*<sup>117</sup>

The so-called  
“Improver questions”  
are useful as a guide  
to the application  
of the purposive  
approach to claim  
construction.

114 Poulin v HB Nominees Pty Ltd (1982) 41 ALR 471 at 475

115 Catnic Components Ltd v Hill & Smith Ltd [1982] RPC 183 at 243

116 Catnic Components Ltd v Hill & Smith Ltd [1982] RPC 183 at 243

117 Improver Corp v Remington Consumer Products [1990] FSR 181 at 189

## 3.7 Remedies

The court has a discretionary power to grant an injunction and, at the option of the plaintiff, either damages or an account of profits<sup>118</sup>. The plaintiff may be able to recover damages, or receive an account of profits, back to as early as the date of publication of the patent application, provided that a valid and infringed claim was present in the application as published<sup>119</sup>.

Additionally, the court may award an additional amount having regard to the flagrancy of the infringement and all other relevant matters<sup>120</sup>. At this time there is no precedent from the courts to explain exactly what factual circumstances might give rise to an award of an additional amount. It seems likely that an additional amount is unlikely to be awarded if the defendant has a competent non-infringement opinion.

Interlocutory or preliminary relief may be granted in the following circumstances;

*The claimant must demonstrate:*

- *that there is a serious question to be tried or a prima facie case such that if the evidence remains the same there is a probability that at a final hearing it would be entitled to relief;*
- *that it would suffer irreparable harm for which damages will not be adequate compensation, unless an injunction is granted; and*
- *that the balance of convenience favours the granting of an injunction.*<sup>121</sup>

## 3.8 Infringement exception

A patent is not infringed where the invention is used in or on a foreign vessel, aircraft or vehicle<sup>122</sup>. The use must be exclusively for the needs of the vessel and the section only applies if the vessel comes into the patent area temporarily or accidentally.

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118 Section 122

119 Section 57, see also Section 115

120 Section 122(1A)

121 Hexal Australia Pty Ltd v Roche Therapeutics Inc (2005) 66 IPR 325

122 Section 118

## 3.9 Spring-boarding exception for pharmaceutical patent

A pharmaceutical patent is not infringed by any exploitation of the invention which is solely for purposes connected with obtaining marketing approval<sup>123</sup>.

## 3.10 Experimental use exception

There is no express experimental use exception under Australian law.

It has been argued that there is an implied experimental use exception because the patentee has the exclusive right to “exploit” the invention, and the definition of “exploit” is directed to activities which are commercial in nature. The contrary argument is that it is improper to recognise a defence which is not expressly provided for in the statute.

Defences based on experimental use have not met with much success in infringement proceedings<sup>124</sup>.

The Advisory Council on Intellectual Property (ACIP), a board of expert advisors to the government on IP law issues, reviewed the legal and business issues surrounding the idea of a general and statutory experimental use exception in their report issued in 2005. ACIP recommended that the Patents Act be amended to include an experimental use exception. The language proposed by ACIP and accepted by the Australian government reads:

The rights of a patentee are not infringed by acts done for experimental purposes relating to the subject matter of the invention that do not unreasonably conflict with the normal exploitation of a patent.

Acts done for experimental purposes relating to the subject matter of the invention include: determining how the invention works; determining the scope of the invention; determining the validity of the claims; seeking an improvement to the invention.

**There is no express experimental use exception under Australian law.**

<sup>123</sup> Section 119A

<sup>124</sup> *Molins v Industrial Machinery Co Ltd* (1937) 54 RPC 94 at 108

The language is very similar to that of the European Patent Convention, and how the EPC provisions are interpreted may well influence how this proposed language is ultimately interpreted in Australia.

Despite this proposal, and although the Australian Government accepted in principle this proposed amendment, no amendment to the Patents Act has yet been made as of the beginning of 2008. Although legislative action on this issue may occur in the future, until that happens there remains no statutory experimental use exception in Australia.

## 3.11 Innocent infringement and marking

The court may refuse to award damages, or to make an order for an account of profits, if the defendant satisfies the court that, at the date of the infringement, the defendant was not aware, and had no reason to believe, that a patent for the invention existed<sup>125</sup>.

**The court may refuse to award damages, or to make an order for an account of profits ...**

If patented products, marked so as to indicate that they are patented in Australia, were sold or used in the patent area to a substantial extent before the date of the infringement, the defendant is to be taken to have been aware of the existence of the patent unless the contrary is established<sup>126</sup>.

## 3.12 Rights of prior user

Generally speaking, a patent will be invalid for lack of novelty if there has been a prior public use of the invention by a third party. However, what if the prior use by the third party was secret and hence did not enter the prior art base?

A person who was exploiting the claimed invention in the patent area before the priority date of a claim, or had taken definite steps to exploit the invention,

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125 Section 123(1)

126 Section 123(2)

may continue to do so without infringing the patent<sup>127</sup>, unless the prior user had stopped or abandoned the exploitation of the invention before the priority date<sup>128</sup>.

The prior user defence does not apply if the invention was derived from the patentee or the patentee's predecessor, unless the invention was derived from information made available with the consent of the patentee, and the patentee then relied upon the grace period for patentability<sup>129</sup>.

## 3.13 Contributory or indirect infringement

Contributory infringement was introduced into Australian Patent law with the enactment of the Patents Act 1990. The stated intention was to harmonise Australian contributory infringement law with the contributory infringement law of major trading partners, and particularly with that of the US.

Section 117 of the Patents Act 1990 reads as follows:

*(1) If the use of a product by a person would infringe a patent, the supply of that product by one person to another is an infringement of the patent by the supplier unless the supplier is the patentee or licensee of the patent.*

*(2) A reference in subsection (1) to the use of a product by a person is a reference to:*

*(a) if the product is capable of only one reasonable use, having regard to its nature or design - that use; or*

*(b) if the product is not a staple commercial product - any use of the product, if the supplier had reason to believe that the person would put it to that use; or*

*(c) in any case - the use of the product in accordance with any instructions for the use of the product, or any inducement to use the product, given to the person by the supplier or contained in an advertisement published by or with the authority of the supplier.*

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127 Section 119(1)

128 Section 119(2)

129 Section 119(3)

In summary, the supplier of a product will be liable if:

- (a) the supplied product is capable of only one reasonable use, being the infringing use; or
- (b) the supplied product is not a staple commercial product, and the supplier had reason to believe that the recipient would put the product to an infringing use; or
- (c) the supplied product is supplied together with inducement or instructions to use the product in an infringing manner.

Note that, in none of the three scenarios recited above, is there any express requirement that the recipient of the supplied product actually be a direct infringer. Put differently, the supplier may be liable even if the recipient of the supplied product never directly infringes the patent.

... the supplier may be liable even if the recipient of the supplied product never directly infringes the patent.

To date, the decided cases have predominantly been situations where a product has been supplied with instructions or inducements<sup>130</sup>. The author is not aware of any Australian decision where the term “capable of only one reasonable use” has been considered in any detail. There is one decision<sup>131</sup> where the term “staple commercial product” was considered. That case did not attempt to lay down any definite test for what is, or is not, a staple commercial product. However, it did conclude that one of the hallmarks of a staple commercial product is that it be “ordinarily available for purchase from an entity that trades in that product”.

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130 Bristol-Myers Squibb Co v FH Faulding & Co Ltd (2000) 46 IPR 553

131 Collins v Northern Territory [2007] FCAFC 152

## 3.14 Burden of proof for process claims

Where a claim is directed to a process of making a product, and the defendant's product is identical to the product made by the patented process, then provided that the court is satisfied that it is very likely that the defendant's product was made by the patented process, and provided the court is satisfied that the patentee has taken reasonable steps to attempt to determine how the defendant's product is made, then there is a rebuttable presumption that the defendant's product was made by the patented process<sup>132</sup>.

## 3.15 Unjustified threats

A person aggrieved by a threat of infringement proceeding may apply to a court for a declaration that the threat is unjustifiable, an injunction against the continuance of the threat, and the recovery of any damages sustained as a result of the threat<sup>133</sup>.

The mere notification of the existence of a patent, or a patent application, does not constitute a threat of infringement proceedings<sup>134</sup>.

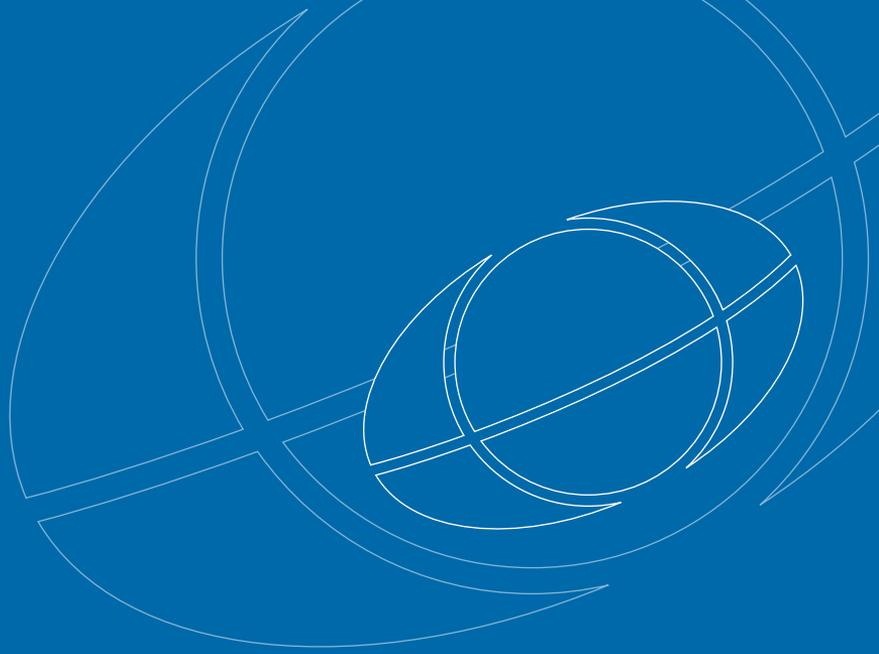
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132 Section 121A

133 Section 128

134 Section 131

# 4



## procedures from application to acceptance

### 4.1 Filing requirements

#### *4.1.1 Non-convention filings*

The following is required for a non-convention patent filing:

- the name(s) and address(es) of the applicant(s);
- the name(s) of the inventor(s);
- an English-language specification.

No Power of Attorney or Assignment is required. All forms can be executed by the Australian Patent Attorney.

It is not possible to obtain an extension of time for the filing of a non-convention patent application, as the extension of time provision requires that there be a statutory deadline which was missed<sup>135</sup>.

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<sup>135</sup> Section 223

## 4.1.2 Convention filings

The following is required for a convention patent filing:

- the name(s) and address(es) of the applicant(s);
- the name(s) of the inventor(s);
- an English-language specification;
- the number(s), date(s) and country(s) of the priority application(s).

No Power of Attorney or Assignment is required. All forms can be executed by the Australian Patent Attorney.

Whilst not required at the time of filing, it will be necessary to submit a certified copy of the priority application(s) prior to acceptance of the application.

## 4.1.3 National phase filings

Australia provides 31 months from the earliest priority date within which to enter the national phase.

The following is required for a national phase patent filing:

- the name(s) and address(es) of the applicant(s);
- the name(s) of the inventor(s);
- an English-language specification comprising description, claims, abstract and figures;
- English-language amendments (if any) which have been filed in the International Phase;
- the number(s), date(s) and country(s) of the priority application(s).

**Australia provides  
31 months from the  
earliest priority date  
within which to enter  
the national phase.**

Where the International Application is filed in English, all of the above information can usually be downloaded from the WIPO website.

If the International Application was not filed in English, then a verified translation of the specification and amendments (if any) are required prior to filing.

No Power of Attorney or Assignment is required. All forms can be executed by the Australian Patent Attorney.

## 4.2 Deposit requirements

If the invention is, or involves, a life form then a description of the life form is required in order to meet the full description requirements. This can be done either by describing the life form in words, drawings and/or sequence listings in the specification, or if the life form is a microorganism, by making a deposit under the Budapest Treaty.<sup>136</sup>

Generally speaking, an applicant is not required to use the Budapest Treaty mechanism to describe their invention. However, if

- the invention relates to the use, modification or cultivation of a specific microorganism;
- performance of the invention requires having a sample of that microorganism; and
- that microorganism is not reasonably available to a person in Australia (even if the microorganism itself is not located in Australia)

the applicant must rely upon the Budapest deposit mechanism in order to provide a full description of the invention.<sup>137</sup>

Deposit requirements are taken to be satisfied if, and only if,

- (a) the micro-organism was deposited with a prescribed depository institution before the date of filing of the patent application<sup>138</sup>;
- (b) the patent application at the date of filing included such relevant information on the characteristics of the micro-organism known to the applicant, including the scientific name of the deposited micro-organism<sup>139</sup>;
- (c) from before the time that the patent application is first published it has included the name of the prescribed depository institution and the file, accession or registration number associated with the deposit<sup>140</sup>; and
- (d) a sample of the micro-organism has been obtainable from the depository at all times since the date of filing of the specification.

It is worth noting that whilst extensions of time may be available to insert information per point (c) above into the patent application, an extension of time is not available to remedy a situation where the deposit is made after the filing

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136 Section 41(1)

137 Section 41(2)

138 Section 6(a)

139 Section 6(b)

140 Section 6(c)

of the patent application. Further, this cannot be corrected by the filing of a divisional or continuation application<sup>141</sup>.

## 4.3 Public availability of official documents

Standard patent applications are published 18 months after the earliest priority date<sup>142</sup> and again upon acceptance<sup>143</sup>.

Hence, there are usually two publications: referred to as the “A” publication and the “B” publication. If amendments are made to the application after acceptance, then there will also be a “C” publication.

For national phase applications, the publication of the PCT pamphlet is treated as the “A” publication.

The applicant may request early publication of the “A” publication<sup>144</sup>.

A divisional application is deemed published if the parent application is published<sup>145</sup>.

After the “A” publication, most documents on the official file, other than privileged documents, are publicly available<sup>146</sup>. This means that prosecution of Australian applications can be monitored.

**After the “A” publication, most documents on the official file, other than privileged documents, are publicly available.**

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141 Regulation 3.12(3)

142 Section 54(3)

143 Section 49(5)

144 Section 54(1)

145 Section 54(4), (5)

146 Section 55(1), Regulation 4.3(1)

## 4.4 Examination

The applicant must request examination within 5 years of the effective filing date of the application, or the application will lapse<sup>147</sup>.

However, the Commissioner has a discretionary power to direct the applicant to request examination at an earlier time<sup>148</sup>. The Direction must be complied with within 6 months of the date of the Direction<sup>149</sup>. Under current practice, it is always the case that the applicant must comply with the Direction before the 5 year period expires, so the effective date for requesting examination is 6 months after the date of the Direction, rather than 5 years from the effective date of filing.

Third parties can ask that the Commissioner give such a Direction in relation to published patent applications, and the Commissioner must issue a Direction to the applicant in such circumstances<sup>150</sup>.

The applicant may ask for normal examination<sup>151</sup>, modified examination<sup>152</sup> or fast-track examination under the bilateral Pilot Patent Prosecution Highway (PPH) Program which has been executed with the USPTO.

### 4.4.1 Modified examination

Modified examination is available if, and only if, an English-language patent has been granted in the United States, a country which is a signatory of the European Patent Convention, Canada, or New Zealand<sup>153</sup>.

**Modified examination is available if, and only if, an English-language patent has been granted ...**

If the applicant may wish to request modified examination, and a patent has not yet been granted in one of the above countries, then the applicant may request an additional 9 months beyond the initial 6 month usually provided for compliance with the Direction<sup>154</sup>. The applicant still has the option of pursuing normal examination rather than modified examination at the end of

147 Section 44(1), Regulation 3.15(1), Section 142(2)

148 Section 44(2)

149 Regulation 3.16(2)

150 Section 44(3), (4)

151 Section 45

152 Section 48

153 Regulation 3.21

154 Section 46

the additional 9 months. Where the additional 9 months is requested, care should be taken to ensure that the 5 year deadline for requesting examination is not inadvertently passed as the application will lapse on the 5 year date.

In modified examination, the Australian application must be amended, if necessary, to be identical with the granted foreign patent, other than for matters of form, obvious mistakes, and the omission of one or more claims<sup>155</sup>. Thereafter, examination tends to be relatively superficial and acceptance usually follows quickly. However, the examiner is not prevented from raising objections based on prior art.

In modified examination, the examiner is not able to raise objections based on full description, best method, clarity, fair basis and unity<sup>156</sup>. This can make modified examination attractive to applicants where a unity objection might otherwise be expected to be raised.

The lack of examination in relation to full description and fair basis in modified examination is unlikely to lead to validity issues, given that Australian law in relation to these issues is relatively lenient, and the foreign patent will usually have been examined for these issues according to a higher standard. However, care should be taken to include a best method in applications which are drafted without this being present.

A request for modified examination can be changed to a request for normal examination at any time before acceptance<sup>157</sup>. The situation where this can be of benefit is where the applicant later wishes to pursue a claim which is different to the claims granted in the corresponding foreign patent.

A request for normal examination can be changed to a request for modified examination prior to examination actually commencing<sup>158</sup>. If this deadline is missed, then it remains an option to file a divisional (continuation) application and request modified examination of the continuation.

**This can make modified examination attractive to applicants where a unity objection might otherwise be expected to be raised.**

<sup>155</sup> Regulation 3.18(3)(b)

<sup>156</sup> Section 48

<sup>157</sup> Section 47(2)

<sup>158</sup> Part 2.14.4.4 of the Examiner's Manual

## 4.4.2 Expedited examination

The applicant may ask that examination be expedited and the Commissioner may do so if satisfied that it is in the public interest, or there are special circumstances<sup>159</sup>. According to current practice, the Commissioner expedites examination as a matter of course and no special reasons are required to be submitted. Of course, this might change if the volume of request for expedited examination increased significantly.

## 4.4.3 Patent Prosecution Highway

Another way of pursuing expedited examination is via the Pilot Patent Prosecution Highway (PPH) Program executed between the US and Australia. Under this program, fast track examination is available where claims have been indicated allowable by the USPTO, and the applicant wishes to pursue corresponding claims in Australia. The PPH Program is only available where the Australian application claims priority from a US application, or where there is no priority claim. The PPH Program is not available where there is a non-US priority application.

# 4.5 Amendments before acceptance

An amendment can be made at any time after filing and before acceptance, subject to the following restriction.

An amendment to an unaccepted specification is not allowable if, as a result of the amendment, the specification would *claim* matter not in substance disclosed in the specification as filed<sup>160</sup>. Note that the prohibition is against *claiming* new matter. There is no prohibition against adding, but not claiming, new matter. Hence, under Australian practice it is presently possible to submit additional disclosure, such as additional examples and efficacy data. As this approach to new matter is a little different to other jurisdictions, it is possible that Australian law will change in the future.

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<sup>159</sup> Regulation 3.17(2)

<sup>160</sup> Section 102(1)

The prohibition against amendments which result in the claiming of new matter does not apply if the amendment is made for the purpose of correcting a clerical error or an obvious mistake<sup>161</sup>. However, any new matter added by such an amendment will receive the date of the amendment as its priority date<sup>162</sup>. Interestingly, objection cannot be taken against the amended specification, and a patent is not invalid, on the ground that the invention as claimed in the amended specification lacks an inventive step over the publication of the invention described in the unamended specification<sup>163</sup>. Thus, despite the later priority date of the amended specification, the unamended specification is not prior art against the amended specification.

## 4.6 Deadline for acceptance

The application lapses if the application is not officially accepted within 21 months of the date of the first examination report<sup>164</sup>. Under current law, it is possible to file a divisional (continuation) application in order to maintain pendency if this deadline cannot be met.

Supervising examiners have a power to extend the time for acceptance under Section 223(1) by a maximum of 1 week where a response filed before the acceptance deadline places the application otherwise in order for acceptance. Before exercising this power, the supervising examiner must be satisfied that there has been an “error or omission” by the Commissioner which precluded acceptance from occurring before the acceptance deadline. This will usually only occur if the patent office has been tardy in processing the response.

**Under current law, it is possible to file a divisional (continuation) application in order to maintain pendency if this deadline cannot be met.**

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<sup>161</sup> Section 102(3)

<sup>162</sup> Section 114, Regulation 3.14

<sup>163</sup> Section 114A

<sup>164</sup> Section 142(e), Regulation 13.4

## 4.7 Disputes between applicants

### 4.7.1 Directions from Commissioner

The Commissioner has broad discretionary powers to make determinations in relation to how a patent application is to proceed, including the identity(s) of the applicant(s)<sup>165</sup>. This provides a broad mechanism for resolving issues such as ownership disputes, and control of prosecution.

The Commissioner will set down the procedure to be followed in the case of a dispute<sup>166</sup>. Generally speaking, each party to the dispute will be given a concurrent period of 2 months to file its evidence in support. There will then be a hearing in respect of the matter, followed by a decision with directions, if appropriate.

### 4.7.2 Declaration regarding entitlement

Alternatively, rather than seeking directions, a third party can seek a declaration to the effect that the applicant is not entitled to grant of the patent<sup>167</sup>. Under this provision, where the Commissioner finds that the applicant is not entitled, or is only entitled in combination with another party, then the remedy is not a direction to correct the applicant details. Rather, the person(s) that is found to be entitled may make a new patent application, and that new patent application will receive the priority date of the original application<sup>168</sup>.

Again, the Commissioner will set down the procedure to be followed in this type of entitlement dispute<sup>169</sup>. Generally speaking, each party to the dispute will be given a concurrent period of 2 months to file its evidence in support. There will then be a hearing in respect of the matter, followed by a decision with a declaration, if appropriate.

If the third party is successful in obtaining the declaration regarding the partial or complete non-entitlement of the applicant, the entitled party(s) then has

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<sup>165</sup> Section 32

<sup>166</sup> Regulation 22.24

<sup>167</sup> Section 36

<sup>168</sup> Regulation 3.13

<sup>169</sup> Regulation 22.24

3 months within which to file the new application<sup>170</sup>. Generally speaking, the new application must be identical to the original application.

Interestingly, the term of the new patent runs from its date of filing rather than from the date of filing of the original application, which results in a windfall addition to the effective patent term<sup>171</sup>.

## 4.8 Third party submission of prior art

A third party may file a notice asserting that the invention lacks novelty or inventive step in view of a published document<sup>172</sup>. The examiner is obliged to consider the notice and will raise an objection in the examination report, if appropriate<sup>173</sup>.

If the published document is not in English, then a verified translation of the document must be provided<sup>174</sup>.

If the published document is not available in the patent office library, then a copy of the document, and evidence of where and when it was published must be provided<sup>175</sup>.

It is common practice to also submit evidence, in declaratory form, from skilled persons attesting to the teaching of the document, and/or the state of common general knowledge in the art, and/or the obviousness of the combination of the teaching of the document with the common general knowledge.

After the third party has filed its notice, it takes no further part in the proceedings, which are then *ex parte* between the examiner and the applicant.

**After the third party has filed its notice, it takes no further part in the proceedings, which are then *ex parte* between the examiner and the applicant.**

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<sup>170</sup> Regulation 3.8

<sup>171</sup> *Massey v Noack* 11 IPR 632

<sup>172</sup> Section 27

<sup>173</sup> Regulation 3.18(4)

<sup>174</sup> Regulation 2.7(b)

<sup>175</sup> Regulation 2.7(c)

## 4.9 Divisional applications

Australia allows the filing of divisional applications, continuation applications, and continuation-in-part applications<sup>176</sup>. These are generically referred to under Australian practice as “divisional” applications.

The term of a divisional application is linked to the term of the parent application, and annual renewal fees are payable on the 5<sup>th</sup> to 19<sup>th</sup> anniversaries of the filing date of the parent application.

The divisional application will receive its priority entitlements from the parent application<sup>177</sup>. At least one of the claims in the divisional application must derive its priority entitlement from the parent application.

A divisional application may also claim convention priority<sup>178</sup>.

The applicant in respect of the divisional application must be the same as, or derive entitlement from, the applicant of the parent application.

The divisional application must be filed prior to grant of the parent application<sup>179</sup>. Further, if it desired to pursue claims in the divisional application which are not within the scope of the claims accepted in the parent application, then the divisional application should be filed within 3 months of the date of advertisement of acceptance of the parent application<sup>180</sup>.

It is possible:

- (i) to file a divisional application from a divisional application<sup>181</sup>,
- (ii) to file more than one divisional application from a parent application,
- (iii) for a divisional application to have more than one parent application.

It is possible to belatedly claim divisional status, provided of course that the timing requirements mentioned above are met. Hence, where a novelty rejection is raised based on the applicant’s own prior application, it may be possible for the later application to belatedly claim divisional status to the cited prior application, provided of course that the prior application provides support for the claims in the later application. Where this is not the case, a Patent of Addition may be the solution.

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176 Section 79B

177 Regulation 3.12(1)(c), (d)

178 Regulation 3.12(1)(b)

179 Regulation 6A.1(b)

180 Section 79B(1)(b)

181 *Emory University v Biochem Pharma Inc (No 2)* [2000] FCA 1708



# 5

## procedures from acceptance to grant

### 5.1 Amendments after acceptance

An amendment can be made at any time between acceptance and grant, subject to the following restrictions.

An amendment to an accepted specification is not allowable if, as a result of the amendment, the specification would *claim* matter not in substance disclosed in the specification as filed<sup>182</sup>. Note that the prohibition is against *claiming* new matter. There is no prohibition against adding, but not claiming, new matter. Hence, under Australian practice it is presently possible to submit additional disclosure such as additional examples and efficacy data. As this approach to new matter is a little different to other jurisdictions, it is possible that Australian law will change in the future.

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<sup>182</sup> Section 102(1)

Additionally, an amendment to an accepted specification is not allowable if, as a result of the amendment, the claim is broadened<sup>183</sup>. It is, however, possible for a period of 3 months after advertisement of acceptance possible to file a divisional application having claims that do not fall within the scope of the accepted claims.

The prohibitions against amendments which result in the claiming of new matter and against amendments which broaden the claims after acceptance do not apply if the amendment is made for the purpose of correcting a clerical error or an obvious mistake<sup>184</sup>. However, any new matter added by such an amendment will receive the date of the amendment as its priority date<sup>185</sup>. Interestingly, objection cannot be taken against the amended specification, and a patent is not invalid, on the ground that the invention as claimed in the amended specification lacks an inventive step over the publication of the invention described in the unamended specification<sup>186</sup>. Thus, despite the later priority date of the amended specification, the unamended specification is not prior art against the amended specification.

## 5.2 Re-examination

Re-examination  
is limited to  
considerations of  
novelty and inventive  
step based on prior  
art documents.

After acceptance of an application, the Commissioner may re-open examination by initiating a re-examination<sup>187</sup>. This will usually occur pursuant to a third party submission of prior art<sup>188</sup>. Re-examination is limited to considerations of novelty and inventive step based on prior art documents<sup>189</sup>.

Re-examination may occur during opposition at the discretion of the Commissioner, although this will usually only occur with the consent of the parties.

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183 Section 102(2)

184 Section 102(3)

185 Section 114, Regulation 3.14

186 Section 114A

187 Section 97(1)

188 Section 27

189 Section 98

## 5.3 Oppositions

Australia has an extensive pre-grant opposition procedure<sup>190</sup>. The procedure is relatively slow and it is not inexpensive. Furthermore, the applicant is able to amend its claims at any time, subject to the usual restrictions on the allowability of amendments (see above). For these reasons, third parties sometimes choose not to file an opposition, but rather pursue revocation after grant of the patent.

### 5.3.1 Notice of Opposition

A Notice of Opposition must be filed within 3 months of the date of advertisement of acceptance<sup>191</sup>.

Theoretically, any person may file a Notice of Opposition, as there is no requirement of *locus standi*.

A Notice of Opposition may be amended to correct an error or mistake<sup>192</sup>, or to change the identity of the opponent where the right or interest relied upon to file the Notice is later vested in another person<sup>193</sup>.

### 5.3.2 Statement of Grounds & Particulars

Within 3 months of the Notice of Opposition being filed, the opponent must serve on the applicant a Statement of Grounds & Particulars<sup>194</sup>. The Statement must outline the case to be answered by the applicant.

The grounds available for opposition are:

- the patentee is not entitled to the patent;
- the invention is not a patentable invention (manner of manufacture, novelty, inventive step, utility, secret use);
- that the specification does not fully describe the invention, including the best method, or that the claims are not clear and fairly based.

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190 Section 59

191 Regulation 5.3(1)

192 Regulation 5.3A

193 Regulation 5.3B

194 Regulation 5.4

Note that, as a result of the Full Federal Court's decision in *Pfizer Overseas Pharmaceuticals v Eli Lilly & Co*<sup>195</sup>, the third ground mentioned above is effectively moot given the court's finding that these deficiencies can all be remedied by amendment at least up until grant of the patent.

### 5.3.3 Dismissal of opposition

The applicant may, within 1 month of being served with the Statement of Grounds & Particulars, request the Commissioner to dismiss the opposition<sup>196</sup>.

The Commissioner will only dismiss the opposition to the extent that it includes grounds which have no reasonable prospect of success<sup>197</sup>.

### 5.3.4 Withdrawal of opposition

The opponent may withdraw from the opposition<sup>198</sup>. Where an opponent withdraws, the Commissioner may nonetheless conduct a re-examination based on the material provided by the opponent.

### 5.3.5 Amendment of Statement of Grounds & Particulars

The opponent may amend its particulars as of right.

However, the opponent may only amend its grounds if the amendment corrects an error or omission, or if the amendment to the grounds is consequential to an amendment by the applicant<sup>199</sup>.

A Statement of Grounds & Particulars may not be amended whilst there is a request for dismissal being considered<sup>200</sup>.

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195 [2005] FCAFC 224

196 Regulation 5.5

197 *Les Laboratoires Servier v Apotex Pty Ltd* [2008] APO 11

198 Regulation 5.15

199 Regulation 5.9(1)

200 Regulation 5.9(2)

## 5.3.6 Evidence in support

Within 3 months of serving the Statement of Grounds & Particulars, the opponent must serve on the applicant evidence in support<sup>201</sup>. This time can be extended, and routinely is extended. Evidence in support is typically (a) evidence demonstrating publication of prior art references relied upon, and (b) expert evidence as to the state of the art, the common general knowledge, and the teaching of the prior art references. As noted earlier in this text, it is the common general knowledge in Australia which is relevant. As a result, the early retention of an Australian expert is advisable, particularly in arts where Australian experts are scarce.

## 5.3.7 Evidence in answer

Within 3 months of the completion of service of evidence in support by the opponent, the applicant must serve on the opponent evidence in answer<sup>202</sup>. Again, this time can be extended, and routinely is extended. Evidence in answer is typically expert evidence in rebuttal of the opponent's expert(s). Again, the applicant is well advised to move early to retain a suitable expert.

## 5.3.8 Evidence in reply

Within 1 month of the completion of service of evidence in answer by the applicant, the opponent must serve on the applicant a notice of intention to serve evidence in reply, and the evidence in reply must be served within 3 months of the completion of service of evidence in answer by the applicant<sup>203</sup>. Again, this time can be extended.

## 5.3.9 Extensions of time for evidence and further evidence

The Commissioner has broad powers to give Directions for the control of opposition proceedings<sup>204</sup>. Most typically, these powers are used to extend the deadlines for service of evidence, or to allow for the service of further evidence,

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201 Regulations 5.8(1), (1A)

202 Regulation 5.8(2)

203 Regulation 5.8(4)

204 Regulation 5.10

or to stay the opposition proceedings whilst an amendment to the specification is considered.

In relation to extensions of time, the Commissioner must be reasonably satisfied that an extension is appropriate in all the circumstances before directing an extension<sup>205</sup>. The Commissioner must be satisfied that the person seeking the extension has made out a proper case justifying the extension. The Commissioner must consider not only the private interests of the applicant and the opponent, but also the public interest, by ensuring that invalid patents are not granted, and that proceedings are not unreasonably protracted.

According to the Examiner's Manual<sup>206</sup>, relevant factors considered where an extension of time for filing evidence is requested may include:

- *is the extension being sought for reasons which are based on matters not referred to (either directly or by clear implication) in the statement of grounds and particulars?*
- *is the extension being sought to find evidence to support speculative or non-specific particulars?*
- *is the extension being sought because the opponent requires more time to determine whether a particularised document is relevant?*
- *has there been any undue delay in putting the evidence together?*
- *has there been a satisfactory explanation of why a delay occurred?*
- *is the extension to determine whether a particularised document is relevant?*
- *the seriousness of the opposition*
- *delay in determining other matters relating to the opposition*
- *complexity of the evidence*
- *intervening holidays, leave, etc.*
- *unavailability of people*
- *parties undertaking negotiations*
- *the nature and the significance of the evidence*

In relation to further evidence, the Commissioner must be reasonably satisfied that allowing further evidence is appropriate in all the circumstances before directing an extension<sup>207</sup>.

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205 Regulation 5.10(5)(c)(ii)

206 Part 3.8.5.3

207 Regulation 5.10(5)(c)(ii)

According to the Examiner's Manual<sup>208</sup>, relevant factors considered where leave to serve further evidence is requested may include:

- *Explanation of delay: The reasons why the evidence was not served earlier are a relevant consideration, but a satisfactory explanation is not a mandatory requirement.*
- *The public interest: The public interest in determining a serious opposition on its merits is a relevant consideration. In order to do this, it is necessary for the Commissioner to form a view as to the nature of the evidence that it is sought to adduce, and the significance of that evidence for the opposition proceedings. The public interest is not protected merely because some evidence has already been served.*
- *The interests of the party seeking the exercise of discretion: The interests of the party seeking the exercise of discretion are a relevant consideration.*
- *The interests of other parties: It is relevant to consider the disadvantage to the other party of delays in determining the opposition, and the effect of delays on the efficient and orderly administration of the Patents Office.*

That is, the criteria to be considered arise from the need to balance a serious opposition being determined on its merits and determining an opposition as expeditiously as possible.

### 5.3.10 Production of documents

The Commissioner may require the production of documents<sup>209</sup>. The Commissioner will not issue a notice requiring production merely on the request of a person, but will need to be satisfied that the notice should be issued.

**Non-compliance will usually be related to a claim of privilege.**

In the event that a notice is given and not complied with, the Commissioner will need to be satisfied that there is a lawful reason for non-compliance. Non-compliance will usually be related to a claim of privilege<sup>210</sup>. However, other possible lawful excuses include: failure to pay reasonable expenses; insufficient notice; the notice is in the nature of discovery; compliance is oppressive; the documents are not sufficiently identified; and lack of relevance.

208 Part 3.6.1.4

209 Section 210

210 Section 200

## 5.3.11 Summonses

The Commissioner has the power to summon witnesses and take evidence under oath<sup>211</sup>. However, this power is very rarely used.

## 5.3.12 Hearings

A hearing will usually be set down upon completion of the service of evidence by the parties<sup>212</sup>. A decision will issue several weeks after the date of the hearing.

## 5.3.13 Costs

The Commissioner has the power to make an award of costs in inter parte proceedings such as oppositions<sup>213</sup>.

The Federal Court<sup>214</sup> has set out a number of principles relevant to the award of costs:

- (1) *As a general proposition, in the absence of special circumstances, costs follow the event but the costs should reflect the degree of success obtained and the successful party may be ordered to pay some costs in respect of unsuccessful aspects of the case.*
- (2) *The community's interest in economy and efficiency in litigation may be reflected in qualification of the presumption that a successful party is entitled to its costs.*
- (3) *The costs order in a patent case should, where appropriate, reflect the extent to which significant sums of costs have been thrown away by reason of one party, albeit successful overall, raising and pursuing unsuccessful points.*
- (4) *Where a successful party raises issues or allegations improperly or unreasonably, the court may not only deprive him of costs but might order him to pay the whole or part of the unsuccessful party's costs.*
- (5) *However, a successful party who neither improperly nor unreasonably raised issues or made allegations on which he failed ought not to be ordered to pay any part of the unsuccessful party's costs.*

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211 Section 210

212 Regulation 5.12

213 Section 210(d)

214 Patent Gesellschaft AG v Saudi Livestock Transport and trading 33 IPR 461

In relation to proceedings discontinued before hearing or determination:

*“It will rarely, if ever, be appropriate, where there has been no trial on the merits, for a court determining how the costs of the proceedings should be borne to endeavour to determine for itself the case on the merits or, as it might be put, to determine the outcome of a hypothetical trial”<sup>215</sup>*

However in this regard the courts have recognised a distinction between cases where it can be said that one party has effectively surrendered to the other and cases where some supervening event or settlement so removes or modifies the subject of the dispute that no issue remains except that of costs. The first type generally will attract the usual award of costs, for example where an opposition or an opposed application is withdrawn. The second type generally will not attract an award of costs unless it is apparent that one party was almost certain to have succeeded or the conduct of a party otherwise makes an award of costs appropriate.

Costs of proceedings before the Commissioner are normally awarded according to the scale of costs specified in Schedule 8 of the regulations and the Commissioner will not depart from an award of costs on this basis unless the circumstances clearly warrant doing so<sup>216</sup>. The scale of costs specified in Schedule 8 of the regulations do not accurately reflect the full costs that the successful party will have incurred. Accordingly, an award of costs will usually only partially compensate the successful party.

### 5.3.14 Appeals from oppositions

There is a right of appeal to the Federal Court from a decision of the Commissioner in an opposition proceeding<sup>217</sup>. Generally, there is a period of 21 days allowed for the filing of an appeal.

In addition to an appeal under the Patents Act, it is also possible to seek a review of the decision by the Federal Court under the provisions of the Administrative Decisions (Judicial Review) Act. Generally, there is a period of 28 days allowed for the filing of a request for review.

215 *Aussie Red Equipment Pty Ltd v Antsent Pty Ltd* [2001] FCA 1641

216 *Colgate-Palmolive Co and another v Cussons Pty Ltd* 28 IPR 561

217 Section 60(4)

# 6

## procedures post grant

### 6.1 Amendments after grant

A granted patent may be amended at any time subject to the following restrictions.

**There is no prohibition against adding, but not claiming, new matter.**

An amendment to a granted specification is not allowable if, as a result of the amendment, the specification would *claim* matter not in substance disclosed in the specification as filed<sup>218</sup>. Note that the prohibition is against *claiming* new matter. There is no prohibition against adding, but not claiming, new matter. Hence, under Australian practice it is presently possible to submit additional disclosure such as additional examples and efficacy data. As this approach to new matter is a little different to other jurisdictions, it is possible that Australian law will change in the future.

Additionally, an amendment to a granted specification is not allowable if, as a result of the amendment, the claim is broadened<sup>219</sup>.

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218 Section 102(1)

219 Section 102(2)

The prohibitions against amendments which result in the claiming of new matter and against amendments which broaden the claims do not apply if the amendment is made for the purpose of correcting a clerical error or an obvious mistake<sup>220</sup>. However, any new matter added by such an amendment will receive the date of the amendment as its priority date<sup>221</sup>. Interestingly, objection cannot be taken against the amended specification, and a patent is not invalid, on the ground that the invention as claimed in the amended specification lacks an inventive step over the publication of the invention described in the unamended specification<sup>222</sup>. Thus, despite the later priority date of the amended specification, the unamended specification is not prior art against the amended specification.

The patent office will only process a voluntary amendment after grant pursuant to receiving an assurance from the patentee that the patent is not the subject of court proceedings<sup>223</sup>. Further, where there is a mortgagee or exclusive licensee the amendment is only allowable with the consent of the mortgagee or licensee.

## 6.2 Re-examination

The patentee or a third party may ask for re-examination of a patent based on documentary prior art. In these circumstances, the Commissioner must re-examine the patent for novelty and inventive step<sup>224</sup>.

If the patent is the subject of court proceedings, then the Commissioner may not re-examine the patent<sup>225</sup>.

The request for re-examination must include a statement about the relevance of each of the prior art documents<sup>226</sup>. If the document is not available in the Patent Office, then a copy of the document must be provided<sup>227</sup>. If the document is not in English, then a verified translation must be provided<sup>228</sup>. Evidence of the date and place of publication must be provided<sup>229</sup>.

220 Section 102(3)

221 Section 114, Regulation 3.14

222 Section 114A

223 Regulation 10.1(4), 10.4(c)

224 Section 97(2), 98

225 Section 97(4)

226 Regulation 9.2(2A)

227 Regulation 9.2(3)(a)

228 Regulation 9.2(3)(b)

229 Regulation 9.2(3)(c)

The re-examination may result in the issuance of an adverse report to the patentee<sup>230</sup>. A copy of the adverse report will also be provided to the third party<sup>231</sup>. The patentee may within 2 months file a reply statement and, optionally, amendments<sup>232</sup>. A copy of the reply statement will also be provided to the third party, although the third party is not a party to the proceedings.

If any issues remain outstanding after the reply, the Commissioner may issue a further adverse report and the patentee will be given a further 2 month term to reply. Alternatively, the Commissioner may propose to revoke the patent and will give the patentee the opportunity to be heard.

## 6.3 Revocation

A third party may apply to a court to have the patent revoked<sup>233</sup>.

**It is not necessary that there be a threat of infringement prior to the making of an application for revocation.**

It is not necessary that there be a threat of infringement prior to the making of an application for revocation. However, applications for revocation are usually made as a cross-claim pursuant to an infringement claim.

The grounds available for revocation are:

- the patentee is not entitled to the patent;
- the invention is not a patentable invention (manner of manufacture, novelty, inventive step, utility, secret use);
- the patent was obtained by fraud, false suggestion, or misrepresentation;
- that an amendment was obtained by fraud, false suggestion, or misrepresentation;
- that the specification does not fully describe the invention, including the best method, or that the claims are not clear and fairly based.

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230 Section 98

231 Regulation 9.3(1)

232 Section 99, Regulation 9.4

233 Section 138

## 6.4 Compulsory licences

A person may apply to the Federal Court at any time after 3 years after the date of grant of the patent for a compulsory licence<sup>234</sup>. These provisions are rarely used. Indeed, the author is not aware of any instance where these provisions have been utilised by a prospective licensee.

The Court may grant the compulsory licence if (a) the applicant has tried for a reasonable period, without success, to obtain from the patentee a licence on reasonable terms and conditions, (b) the reasonable requirements of the public with respect to the patented invention have not been met, and (c) the patentee has given no satisfactory reason for failing to exploit the patent<sup>235</sup>.

Alternatively, the Court may grant the compulsory licence if satisfied that the patentee has contravened, or is contravening, the restrictive trade practices provisions of the Trade Practice Act 1974<sup>236</sup>.

The compulsory licence will be granted on terms as agreed between the parties, or according to terms directed by the Court<sup>237</sup>.

A compulsory licence may not be exclusive, and it can only be assigned by the licensee with goodwill<sup>238</sup>.

The patentee cannot surrender that patent whilst the compulsory licence is in force<sup>239</sup>.

If a compulsory licence is granted, and if the invention is “an important technical advance of considerable economic significance”, and if working of the patented invention would infringe another patent, then the court must also grant a compulsory licence in respect of the other patent<sup>240</sup>. The patentee of the other patent will, in turn, receive a cross-licence in respect of the patented invention.

**A person may apply to the Federal Court at any time after 3 years after the date of grant of the patent for a compulsory licence.**

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234 Section 133(1)

235 Section 133(2)(a)

236 Section 133(2)(b)

237 Section 133(5)

238 Section 133(3)

239 Section 137(5)

240 Section 133(3B)

If, two years after the grant of the compulsory licence, the reasonable requirement of the public have still not been satisfied, and the patentee has given no satisfactory reason, then the patent may be revoked<sup>241</sup>. Alternatively, the patent may be revoked on the basis that the patentee is contravening the restrictive trade practice provisions of the Trade Practices Act 1974.

## 6.5 Extension of term of pharmaceutical patents

The patentee may apply for an extension of term of a pharmaceutical patent<sup>242</sup>.

To obtain an extension of term, the following conditions must be met<sup>243</sup>:

- (a) the patent must contain at least one claim covering a pharmaceutical substance, *per se*, or at least one claim covering a pharmaceutical substance produced by a process that involves the use of recombinant DNA technology;
- (b) the pharmaceutical substance must be included in the Australian Register of Therapeutic Goods; and
- (c) the first regulatory approval for that pharmaceutical substance must have occurred more than 5 years after the effective date of filing of the patent.

The meaning of the words “pharmaceutical substance, *per se*” were fully considered by Heerey J in *Boehringer Ingelheim International v Commissioner of Patents* [2000] FCA 1918 where his Honour pointed out that:

*“The 1990 Act in its present form manifests a policy which draws a distinction between, on the one hand, a pharmaceutical substance that is the subject of patent claim and, on the other hand, a pharmaceutical substance that forms part of a method or process claim. The specific exception to the latter is the provision for recombinant DNA technology in s 70(2)(b).”*

Thus, there is usually a requirement that the claim be directed to a pharmaceutical substance, *per se*, without any limitations as to how the substance has been made, or may be used. There is a statutory exception to this rule where the pharmaceutical substance is produced by a process that involves the use of recombinant DNA technology.

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241 Section 134(2)(a)

242 Section 70

243 Section 70(2),(3)

In limited circumstances, a novel pharmaceutical substance can only be defined by reference to the process by which it was made, because the chemical structure or composition of the novel pharmaceutical substance is not fully known. In such circumstances, it is permissible to claim “substance X obtainable by process Y”. Under Australian law, a claim in this format will be treated as a claim to the substance, *per se*<sup>244</sup>, and an extension of term in respect of this type of claim is possible.

It is also worth noting that, by definition<sup>245</sup>, a pharmaceutical substance can include a mixture or compound of substances. A “mixture” of substances implies an uncontrolled spatial configuration of entities in the mixture. It follows that a substance characterised by features of spatial configuration (e.g. a transdermal patch having substances arranged in a particular configuration) will not normally fall within the scope of “pharmaceutical substance”.

The term of the patent can only be extended once<sup>246</sup>.

The extension of term is equal to the delay between the effective date of filing of the patent and first regulatory approval, minus 5 years<sup>247</sup>. The extension cannot exceed 5 years<sup>248</sup>.

An application for an extension of term of the patent must be filed during the regular term of the patent, and within 6 months of the latter of (a) the date the patent was granted, or (b) the date of first regulatory approval<sup>249</sup>.

It is not possible to obtain an extension of time to file the application for an extension of term if the application for extension of term is filed outside the regular term of the patent<sup>250</sup>. However, current office practice does allow an extension of time where the application for extension of term is filed during the regular term of the patent, but not within 6 months of the latter of (a) the date the patent was granted, or (b) the date of first regulatory approval. In the author’s opinion, current office practice is not in accord with the relevant Regulations<sup>251</sup>.

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244 Zentaris AG [2002] APO 14

245 Schedule 1 - definition of “pharmaceutical substance”

246 Section 70(4)

247 Section 77(1)

248 Section 77(2)

249 Section 71(2)

250 Regulation 22.11(4)(b) as interpreted in Boehringer Ingelheim International GmbH’s Application [1999] APO 60

251 Regulation 22.11(4)(b)

If the Commissioner is satisfied that the application for extension of term is in order, then the Commissioner will accept the application for extension of term and will advertise it for opposition purposes<sup>252</sup>.

If court proceedings are underway, the Commissioner must not make any decision in relation to the application for extension of term without the leave of the court<sup>253</sup>.

Any person may oppose grant of the extension of term within 3 months of the date of advertisement of acceptance of the application for extension of term<sup>254</sup>. Where an opposition is filed, the opposition procedure applies.

The exclusive rights of the patentee during the extended term are not infringed by a person exploiting the pharmaceutical substance for a purpose other than therapeutic use<sup>255</sup>. Further, the exclusive rights of the patentee during the term of the extension are not infringed by a person exploiting any form of the invention other than a pharmaceutical substance, *per se*.

Where an extension of term is granted during a financial year<sup>256</sup>, the patentee must, prior to the end of the following financial year, submit to the Secretary of the Department of Health & Family Services information regarding the amount of money, including any Commonwealth funds, spent on research and development in relation to the drug in question<sup>257</sup>.

## 6.6 Directions to co-owners

The Commissioner has a discretionary power to give directions to co-owners in relation to the granting of licences and assignments<sup>258</sup>.

The Commissioner will usually direct the initiating party to serve evidence in support of their request for a direction within a period of 3 months. Thereafter, the other party(s) will be given a further 3 months to serve evidence in answer. The matter will then be set down for hearing<sup>259</sup>.

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252 Section 74(1),(2)

253 Section 79A

254 Section 75, Regulation 5.3

255 Section 78(a)

256 In Australia, the financial year runs from 1 July to 30 June

257 Section 76A

258 Section 17

259 Regulation 22.24

To the author's knowledge, the Commissioner's discretionary power has only been exercised on one occasion<sup>260</sup>. The examiner's manual<sup>261</sup> makes reference to three relevant British decisions:

- *in re Florey & Others' Patent (1962) 79 RPC 186*, the Assistant Comptroller directed the respondent, a seventh co-grantee of a patent, to join with six other co-grantees in an assignment of the patent. The respondent failed to comply with the direction. The Assistant Comptroller ultimately made an order directing that one of the six other co-grantees be empowered to execute the assignment on behalf of the respondent
- *in re BICC PLC v. Burndy Corp. & Anor. [1985] RPC 273*, the Court of Appeal decided that a clause in an assignment agreement between the parties, which required Burndy to assign its rights in a patent if it failed to reimburse BICC its share of any costs or fees within 30 days of being requested, was not a penalty clause, but had an effect similar to a power to determine a quasi-licence in the event of non-payment by the licensee of an agreed royalty. However, the defendant Burndy was granted relief, by virtue of the Court extending the time to reimburse BICC
- *in re Patchett's Patent [1967] RPC 77*, the High Court determined how an agreement between the patentee and his employer was to be interpreted regarding compensation for Crown user.

## 6.7 Non-infringement declarations

A person who wishes to exploit an invention may apply to the court for a declaration to the effect that the proposed commercial activities will not infringe a patent<sup>262</sup>.

The application to the court can only be made after the patentee has been asked to give a written admission of non-infringement and the patentee has refused to give the admission<sup>263</sup>.

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260 Re Applications by Millward-Bason and Burgess (1988) AIPC 90-475

261 Part 3.27.3

262 Section 125

263 Section 126

# 7

## miscellaneous

### 7.1 Extensions of time

Before dealing with the extension of time provisions, it is worth noting that a deadline is automatically extended to the next working day where the deadline falls on a Saturday, Sunday, or declared holiday<sup>264</sup>.

In addition to the central Patent Office located in Canberra, there is a sub-office of the Patent Office located in each State of Australia. Different States of Australia have different declared holidays.

#### *7.1.1 Available provisions under Section 223*

The Commissioner has an obligatory power under Section 223(1) and (1A) to extend a deadline where there has been an official error or omission.

The Commissioner also has a discretionary power under Section 223(2) to extend a deadline where there has been an “error or omission by the person concerned”, or “circumstances beyond the control of the person concerned”.

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<sup>264</sup> Section 222A, Regulations 22.10AA, AB, AC

Finally, the Commissioner has an obligatory power under Section 223(2A) to extend a deadline where the Commissioner is satisfied that the person concerned took “due care”. However, Section 223(2A) is only applicable if the person applies for the extension within 2 months of the circumstance which prevented the person from meeting the deadline ceasing to exist. Further, an extension of time under Section 223(2A) cannot be for a period of more than 12 months.

As Section 223(2A) is largely subsumed by the operation of Section 223(2), the following discussion will relate to the operation of Section 223(2).

## 7.1.2 Elements required for an extension under Section 223(2)

Section 223(2) requires the applicant to establish, with evidence in the form of a statutory declaration, that there has been an “error or omission by the person concerned”, or “circumstances beyond the control of the person concerned”, and that this has caused the failure to do the “relevant act” within the “certain time”.

### 7.1.2.1 RELEVANT ACT

Section 223(2) is applicable to “relevant acts”. Relevant acts are defined in Section 223(11) as being all acts, except those that are prescribed in Regulation 22.11(4).

Serving evidence in opposition proceedings is not a “relevant act”<sup>265</sup> and extensions for service of evidence are provided for separately under Regulation 5.10.

It has been held that the filing of a request for an extension of term of a pharmaceutical patent outside of the patent term is not a “relevant act”<sup>266</sup>. This decision is contentious because it is arguable that all applications for an extension of term are not relevant acts, and are accordingly outside the operation of the extension of time provisions. In this regard, Regulation 22.11(4)(b) excludes the following from the operation of Section 223:

*“filing, during the term of a standard patent as required by subsection 71(2) of the Act, an application under subsection 70(1) of the Act for an extension of term of the patent”*

<sup>265</sup> Section 223(11), Regulation 22.11(4)(a)

<sup>266</sup> Section 223(11), Regulation 22.11(4)(b), see Boehringer Ingelheim International GmbH [1999] APO 60

At face value, the above quoted regulation excludes all applications for extension of term from the operation of Section 223, and not just those where the application for extension of term is filed after the patent term has expired. However, it is currently office practice to allow extensions of time in situations where the application for extension of term is filed during the regular patent term.

### 7.1.2.2 CIRCUMSTANCES BEYOND CONTROL

“Circumstances beyond control” is a “force majeure” provision. Unforeseeable delays of postal and courier services constitute the major source of extensions of time under this ground.

### 7.1.2.3 ERROR OR OMISSION

Generally speaking, a deliberate decision to allow a deadline to pass will not give rise to grounds for an extension of time, on the basis that it is not an “error or omission”.

However, an error of judgement has been held to be an “error or omission” within the meaning of Section 223(2) and accordingly it may be possible to obtain an extension where it can be demonstrated that the deliberate decision to allow the deadline to pass was a result of flawed thinking<sup>267</sup>.

### 7.1.2.4 PERSON CONCERNED

**It is also a requirement that the error or omission be made by the “person concerned” at the relevant time.**

It is also a requirement that the error or omission be made by the “person concerned” at the relevant time. The “person concerned” is nearly always the applicant/patentee of record, and it can only be the patentee of record where non-renewal of a patent is concerned due to the operation of Section 143<sup>268</sup>. An exception to this rule that the “person concerned” (i.e. the error maker) must be the applicant/patentee of record is where there is an unrecorded assignment which took effect before the missed deadline,

and the deadline was not a deadline for payment of a renewal on a patent. In these limited circumstances, the assignee must first officially record their title,

<sup>267</sup> GS Technology Pty Ltd v Commissioner of Patents [2004] FCA 1017

<sup>268</sup> Litton Bionetics, Inc [2002] APO 15

and thereafter the assignee can seek an extension based on the error that the assignee has made.

### 7.1.2.5 CERTAIN TIME

There needs to be a “certain time” period to extend. Hence, Section 223 is not applicable, for example, to the filing of a provisional application, or a complete application where there is no priority claim<sup>269</sup>. This is because there is no deadline associated with either of these acts.

### 7.1.2.6 POWER IS DISCRETIONARY

As the power of the Commissioner to extend time under Section 223(2) is discretionary, the applicant/patentee should be seen to be diligent in remedying the error once it is discovered. Further, the length of the extension, and all other surrounding circumstances, will be taken into consideration in the exercise of the Commissioner’s discretion.

It is well established that the Section is beneficial in nature and should be applied beneficially<sup>270</sup>. Relevant factors to be taken into account by the Commissioner include whether an applicant has given a full and frank disclosure of all the surrounding circumstance which led to the error or omission, including a disclosure of the chain of causation<sup>271</sup>.

## 7.1.3 *Advertisement of application for extension of time*

If the extension of time exceeds 3 months, then the Commissioner is obliged to advertise the application for opposition purposes<sup>272</sup>.

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269 Norman Stibbard v The Commissioner of Patents 7 IPR 337

270 Sanyo Electric Co Ltd and the Commissioner of Patents (1996) 36 IPR 470

271 Kimberly-Clark Ltd v Commissioner of Patents (No 3) 13 IPR 569.

272 Section 223(4), (6)

## 7.1.4 No infringement during period of lapse

The patentee cannot sue for any infringing acts which occurred whilst the patent was lapsed<sup>273</sup>.

## 7.1.5 Protection of third parties

Where an extension of more than 3 months is granted, a third party which exploited (or took definite steps to exploit) the invention because of the lapse of the patent may apply to the Commissioner for the grant of a licence to exploit the invention<sup>274</sup>.

Where a patent or patent application lapses due to a failure to pay a renewal fee within the 6 month grace period, the extension is treated as being for a period of more than 6 months, and the third party protection provision discussed above applies<sup>275</sup>.

# 7.2 Assignments

**Failure to record an assignment is at the assignee's peril because the patentee may deal with the patent as the absolute owner.**

Assignment of a pending application<sup>276</sup> or a granted patent<sup>277</sup> may be officially recorded.

Failure to record an assignment is at the assignee's peril because the patentee may deal with the patent as the absolute owner<sup>278</sup> and "patentee" is defined in the dictionary to the Act as the person "for the time being entered on the register".

Thus, if there is an unrecorded assignment, the patentee of record is paradoxically still able to pass good title in the patent to another party

<sup>273</sup> Section 223(10)

<sup>274</sup> Section 223(9), Regulation 22.21

<sup>275</sup> Section 223(9)(b), Regulation 22.11(3)

<sup>276</sup> Section 113

<sup>277</sup> Section 187

<sup>278</sup> Section 189

at the expense of the unrecorded assignee. The only remedy available to the unrecorded assignee in this scenario would be to take action in the courts to establish their equitable interest and to seek to have the Register rectified.

Additionally, because renewal fees in respect of patents can only be paid by, or on behalf of, the patentee of record, it is only errors by the patentee of record that may give rise to valid grounds for an extension of time in a situation where there is a failure to timely pay the renewal fee. Usually where there is an assignment, responsibility for payment of renewal fees falls to the assignee. However, an error by an unrecorded assignee will not be grounds for an extension of time, as it was not an error by the patentee of record.

For pending applications, the Australian Patent Office will accept an assignment document which is executed only by the assignor. However, for granted patents, it is a requirement that the assignment document be executed by both the assignor and the assignee<sup>279</sup>. If necessary, the Australian Patent Office will accept separate documents executed by the assignor and assignee, respectively.

## 7.3 Useful links

Australian Patent Statute & Regulations

[http://www.ipaustralia.gov.au/resources/legislation\\_index.shtml](http://www.ipaustralia.gov.au/resources/legislation_index.shtml)

Australian Patent Examiners Manual

[http://www.ipaustralia.gov.au/pdfs/patentsmanual/WebHelp/Patent\\_Examiners\\_Manual.htm](http://www.ipaustralia.gov.au/pdfs/patentsmanual/WebHelp/Patent_Examiners_Manual.htm)

Australian Patent Office Databases

[http://www.ipaustralia.gov.au/patents/search\\_index.shtml](http://www.ipaustralia.gov.au/patents/search_index.shtml)

Australian Patents & Patent Applications

[http://pericles.ipaustralia.gov.au/aub/aub\\_pages\\_1.process\\_simple\\_search](http://pericles.ipaustralia.gov.au/aub/aub_pages_1.process_simple_search)

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<sup>279</sup> Section 14(1)



# Notes