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No. 39 2002–03

Intellectual Property Laws Amendment Bill 2002

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Intellectual Property Laws Amendment Bill 2002

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Intellectual Property Laws Amendment Bill 2002

Date Introduced: 27 June 2002

House: House of Representatives

Portfolio: Industry Tourism and Resources

Commencement: Mainly 28 days after Royal Assent, apart from Part 1 of Schedule 2 which commences either on Proclamation or 2 months after Royal Assent.

Purpose

The purpose of this Bill is to:

- amend provisions of the *Patents Act 1990* in order to simplify the search and disclosure patent requirements, and
- make minor amendments to the *Patents Act 1990*, *Trade Marks Act 1995* and *Designs Act 1906* in relation to the extension of time provisions.

Background

As there is no central theme to the Bill the background to the various measures will be described below.

Main Provisions

Schedule 1—Amendments relating to extensions of time

The *Patents Act 1990*, *Trade Marks Act 1995*, and *Designs Act 1906* with their subordinate regulations, supply the legislative basis for the patent, trade mark and design systems of Australia. A key aspect of these regimes is the making and processing of applications for granting patents or registration of trade marks or designs. As these Acts are concerned with obtaining property and other valuable rights filing dates and time periods assume importance. For example in the case of trade marks, the applicant lodges

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details of the trade mark and specifies with which goods and services the mark is associated. The Trade Marks Office checks the application against statutory criteria and exclusions. If accepted, the application is advertised in the Official Journal of Trade Marks (the Official Journal). Opponents have three months to object to registration on specified grounds, but if there is no successful opposition the trade mark is registered from the date of filing the application.

The importance of dates and time periods is also reflected in the provisions contained in all three Acts that grant an extension of time under certain circumstances. For example under subsection 27B(1) of the Designs Act a person must be granted an extension of time if a relevant time period was not complied with because of an error or omission by the Registrar, a Deputy Registrar, or an employee in the Designs Office. **Item 1** repeals and replaces this subsection to clarify that extensions of time must also be granted if the error or omission is caused by a person providing or proposing to provide services for the benefit of the Designs Office. **Items 2 and 5** make similar amendments to subsection 223(1) of the Patents Act and subsection 224(1) of the Trade Marks Act respectively.

According to the Explanatory Memorandum, the Patent, Trade Marks and Designs Offices often use the services of independent contractors or consultants during the processing of applications, such as the use of a courier service to transport documents from a sub-office to the central office in Canberra, or a private company for maintenance of information systems or storage of data.¹ The proposed amendments in items **1, 2 and 5** will clarify that the extension of time provisions encompass errors and omissions by these parties.

Items 3 and 4 are consequential amendments to **item 5** and remove the term 'trade marks officer' from the Trade Marks Act. These concepts have been moved to the new definition of employee (**item 6 of Schedule 2**). An employee is to be a person, other than the Registrar of Trade Marks or a Deputy Registrar, who is a person employed under the *Public Service Act 1999* and is employed in the Trade Marks Office, or is not such a person but performs services in that Office, for or on behalf of, the Commonwealth.

Schedule 2—Searches and disclosures

The reader is referred to the [Bills Digest](#) for the Patents Amendment Bill 2001, for a basic overview of the process by which patents are obtained, contested and used.

Patents Amendment Act 2001

In 2001 the Parliament passed the *Patents Amendment Act 2001* ('2001 Act'). The main purpose of that Act was to raise the threshold for obtaining a patent, so as to increase the likelihood that granted patents are valid. Of relevance to this Bill, the 2001 Act contained amendments that affected the search and disclosure patent requirements.

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Because patent applications are assessed against the existing state of knowledge, searches to ascertain the state of that knowledge are integral to the patent system. As the Patents Office has stated:

The objective of any search is to discover the prior art which is relevant to the determination of whether the claimed invention is lacking in novelty or an inventive step.... That prior art may be in the form of patent documents or articles from periodicals and other non-patent literature...²

Prior to the 2001 Act, under subsection 45(3), the Commissioner of Patents could direct an applicant to provide the result of searches carried out in other countries for applications filed outside Australia about the same invention.

Subsection 45(3), as amended by the 2001 Act, requires that an applicant for a standard patent or an innovation patent provide the Commissioner with the results of any searches of the prior art base that have been made in relation to the application, or in any corresponding application filed overseas.

The rationale for this change was that the previous subsection 45(3) with its confined operation, denied the Patent Office valuable information which is readily available—particularly information which emerges during the processing of applications in overseas jurisdictions. This is information of which the applicant is aware but which the Patent Office may not discover through its one-off search process.³

Senate Economics Legislation Committee

During its passage through the Parliament, the 2001 Act, (or, as it was then, the Patent Amendment Bill 2001), was referred to the Senate Economics Legislation Committee for consideration.

While all submissions to the inquiry supported the 2001 Bill's intention of strengthening Australia's patent and intellectual property system there were significant concerns expressed about lack of clarity and other defects in the wording of the Bill.⁴

In relation to the amendments to subsection 45(3) two concerns were raised in evidence to the Senate Committee – the burden on applicants and the unclear scope of the required searches.

Burden on applicants

The first concern relates to the burden placed on an applicant to provide all searches made within its organisation, whether or not these are known to the inventor. Take for example, the situation where a university is a patent applicant and the inventor is a staff member. The university is obliged, under the terms of the 2001 amendment, to disclose all searches that relate to the application even if these searches have been made by individuals other than the inventor, and are not known to the inventor.

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In this connection, the Australian Academy of Science observed:

It will be difficult in practice for an academic research entity to organise and fund search activity in a way that will satisfy this provision. It will also be difficult in practice to identify all relevant searches conducted by lab researchers given the high level of research-related search activity commonly undertaken. It may put an unfair burden on applicants to assume part of the job of patent examiners and jeopardise foundation intellectual property generated in the public sector.

The Academy noted that the amendment was of particular concern in the light of amendments to section 102, which have the potential to impose penalties if there are oversights in disclosing search results to the Patent Office.⁵

Unclear scope of searches

A second criticism of the 2001 amendment was that the scope of the 'searches in respect of the complete application or in respect of the provisional application' is unclear. The lack of clarity arises on two grounds. One is that searches are normally conducted on the invention, whereas the application may contain other information that is also the subject of searches. The Institute of Patent and Trade Mark Attorneys (IPTA) noted that the intention of the subsection would be met, if the results of the searches to be disclosed were restricted to the claimed invention itself rather than extended to the application as a whole.⁶

Both the Law Council and IPTA further expressed concern that the wording of the amendment left open the possibility that a great deal of irrelevant information, discovered during preliminary searches and discovered through any source (rather than discovered by specified patent offices), must be disclosed. They claimed that the requirement to disclose all search information would impose an unnecessary burden on applicants and on the Patent Office itself.⁷

The Senate Committee agreed with these submissions that the new section would place an increased burden on the research sector as a consequence of the proposed requirement that applicants search for relevant prior art. The Committee therefore considered that this aspect of the new provisions should be monitored and, if a significant level of concern is expressed, that it be subject to review two years after the commencement of the Act.⁸

It is of interest that the Government has not waited for the two year review. Rather the proposed amendments to subsection 45(3) and section 101D contained in this Bill are intended to address some of the concerns raised by the Senate Economics Committee.

Item 2 repeals and replaces **subsection 45(3)** so that an applicant for a standard patent must provide the Commissioner of Patents with the results of any searches conducted by, or on behalf of, a foreign patent office and any prescribed searches. The required searches are limited to those carried out for the purposes of assessing the patentability of an invention disclosed in the complete specification or in a corresponding application filed

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overseas. In each case, the searches required are limited to those completed before the grant of the Australian patent.

Similarly **item 3** repeals and replaces section 101D so that a patentee⁹ must provide the Commissioner with the results of any searches conducted by, or on behalf of, a foreign patent office and any prescribed searches. The required searches are limited to those carried out for the purposes of assessing the patentability of an invention disclosed in the complete specification or in a corresponding application filed overseas. In each case, the searches required are limited to those completed before the issue of a certificate of examination on the patent.

Item 4 is consequential on **items 2 and 3** and adds the term 'foreign patent office' to the definitions in Schedule 1 to the Patents Act. This term is intended to cover all overseas patent offices, including regional offices which grant patents in respect of more than one country.

Application

Item 5 has the effect that the amendments relating to disclosure of information will apply to all patent applications made since the *Patents Amendment Act 2001* came into effect (ie 1 April 2002). As the Explanatory Memorandum states:

This will mean that the new disclosure arrangements will completely replace the old and any obligation on an applicant or patentee to comply with the old provisions will be replaced by an obligation to comply with the new provisions. In addition, subitems (3) and (4) provide that any information provided under the old provisions is taken to have been provided under the new provisions and therefore does not need to be submitted again.¹⁰

Item 8 corrects a drafting error in the *Patents Amendment (Innovation Patents) Act 2000*.

Endnotes

- 1 *Explanatory Memorandum*, p. 1.
- 2 Australian Patent Office, *Manual of Practice and Procedure*, Volume 2, para 12.9.1.1, which can be found at <http://www.ipaustralia.gov.au/library/PDFS/patents/Part212.PDF> (23 September 2002).
- 3 This amendment was one of the recommendations of the reports of the Intellectual Property and Competition Review Committee (IPCRC) and the Australian Council on Industrial Property (ACIP).
- 4 Senate Economics Legislation Committee, *Consideration of Legislation referred to the Committee: Patents Amendment Bill 2001*, para 1.15.

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http://www.aph.gov.au/Senate/committee/economics_ctte/patents/patents01.pdf (23 September 2002).

Submissions to the Inquiry also expressed concern about the piecemeal adoption of the recommendations of the reports of the Intellectual Property and Competition Review Committee (IPCRC) and the Australian Council on Industrial Property (ACIP), and the failure of the amendments proposed to fully reflect the reasoning of those review recommendations.

- 5 Subsection 102(2C) prevents a patent owner from amending their patent after grant if they had previously failed to disclose prior art information. Thus, if the undisclosed information invalidated a patent or part of it, the patent could not be amended to remove the grounds of invalidity. The subsection further provides for a penalty if the information contained in the non-disclosed search results invalidates the patent on the grounds of novelty or inventiveness.
- 6 Senate Economics Legislation Committee, *Op cit*, para 1.45.
- 7 *ibid.*, para 1.47.
- 8 *ibid.*, para 1.52.
- 9 A patentee is defined in the Patents Act as the person for the time being entered in the Register as the grantee or proprietor of a patent.
- 10 *Explanatory Memorandum*, p. 4.

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