



Via email: MDB-Reform@ipaaustralia.gov.au

Ms Terry Moore
Director
Office of the Director-General
IP Australia
P O Box 200
Woden ACT 2606

Dear Ms Moore,

Towards a Stronger and More Efficient IP Rights System: Getting the Balance Right, Exemptions to Patent Infringement, Resolving Patent Opposition Proceedings Faster

I have pleasure in enclosing a submission which has been prepared by the Intellectual Property Committee of the Business Law Section of the Law Council of Australia. The response has been endorsed by the Business Law Section. Owing to time constraints, the response has not been considered by the Directors of the Law Council of Australia Limited.

If you have any questions in regard to the response. In the first instance please contact the Committee Chair, Maurice Gonsalves, on 02-9296 2166.

Yours sincerely,



Bill Grant
Secretary-General

16 February 2010

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Law Council of Australia, Business Law Section, Intellectual Property Committee
Submissions to IP Australia on *Toward a Stronger and More Efficient IP Rights System:
Getting the Balance Right, Exemptions to Patent Infringement,
Resolving Patent Opposition Proceedings Faster*

10 February 2010

1. The Intellectual Property Committee of the Business Law Section of the Law Council of Australia ('IPC') has considered IP Australia's November 2009 Consultation Paper *Toward a Stronger and More Efficient IP Rights System* as it relates to the proposed reforms *Getting the Balance Right, Exemptions to Patent Infringement and Resolving Patent Opposition Proceedings Faster*.
2. IPC wishes to respond to several changes proposed in the Consultation Paper.

1. Getting the balance right

Section 1.1 Raising patentability standards — full description and fair basis

Section 1.1.1: Full description and fair basis

Proposed Change —

- Amend s40(2)(a) of the Patents Act to require the applicant to describe the invention fully in a manner which enables the invention to be performed across the whole scope of the claim or claims by a person skilled in the relevant art without undue experimentation.
- The requirement that the description should include the best method known to the applicant of performing the invention would be retained.
- Amend s40(3) of the Patents Act to replace the requirement that the claims be 'fairly based on' the matter described in the specification with a requirement that the claims be 'supported by' the matter described in the specification.

Section 1.1.2: Date at which new matter can be inserted into a patent specification

Proposed Change —

- Amend s40 to require s40(2)(a) to be satisfied at the filing date of the complete application. The best method of performance of the invention would also be required at this time.
- Amend s41 to provide that this requirement is satisfied as long as the existing 'deposit requirements', set out in s 6, are satisfied.
- Repeal s102(1) and replace with a new provision under which an amendment to a complete specification is not allowable if, as a result of the amendment:
 - the claims would not be supported by the matter disclosed in the specification at its filing date

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- the disclosure contained in the amended specification would go beyond the disclosure contained in the specification at its filing date.

Section 1.1.3: The level of disclosure required to support a priority claim

Proposed Change — Level of disclosure in a provisional specification:

- Amend s40(1) to require a provisional specification to describe the invention fully in a manner which enables the invention to be performed by a person skilled in the relevant art without undue experimentation.
- Amend s41 so that it also applies to provisional specifications.
- The deposit requirements set out in s6, with the exception of s6(c), would also apply to provisional applications.

IPC Response

3. The crux of the reform proposed by IP Australia is that s40(2)(a) be amended to require that the patentee must 'describe the invention fully in a manner which enables the invention to be performed across the whole scope of the claim or claims by a person skilled in the relevant art without undue experimentation' (Drafting Instructions [11]).
4. IP Australia has suggested that the intention underpinning this proposed amendment is to require the concept of 'support' to be interpreted in a manner similar to how it is interpreted in overseas jurisdictions.
5. The proposed formulation does not reflect the position in other jurisdictions which varies. Importantly, it would seem to exclude the possibility of a valid patent in any case where there is a possibility of a patentee improvement falling within the scope of claims. This is not a reasonable position, nor one that is adopted in any overseas country, as far as IPC is aware.
6. The words chosen in the drafting instructions: 'enable the invention to be performed across the whole scope of the claims ...' are quite different to the words of the European test: '... the extent of the monopoly claimed exceeds the technical contribution to the art ...'.
7. Nor does the language of the recommendation accurately reflect how the European test is actually applied. The proposed test adopts the language of *Biogen Inc v Medeva Plc*.¹ Since at least the decision in *H Lundbeck v Generics (UK) Limited*,² it is clear that that test is not a correct and complete statement of the UK law. In the UK, at least, a product claim is enabled by disclosing a single method of making the product, while the proposed Australian test, on its face, requires more. Further, even the more limited language of the European test has been extensively qualified. Australia should not adopt an unsatisfactory formulation on the basis that the courts will be expected to qualify it and read it down.
8. Finally it is not clear that there is a fundamental inconsistency between the European position and the current Australian law. The potential inconsistency lies in the area of

¹ [1997] RPC 1.

² [2008] ROC 19.

process claims. There has been no consideration of a case concerning the fair basis of process claims by the High Court in Australia.

9. IPC therefore opposes this change in the form proposed.

Detailed Discussion

10. The Australian law of sufficiency and fair basis currently provides that:
- A sufficient description is one that enables the addressee of the specification to produce something within each claim, without invention or prolonged study: *Kimberley-Clark Australia v Arico Trading* [2001] HCA 8, [25].
 - A claim will be fairly based if the other matter in the specification, which when read as a whole, shows that the invention there disclosed is not narrower than what is claimed in the claim: *Lockwood Security v Doric Products* [2004] HCA 58, [99].
11. The reform suggested is quite fundamental, and there are several difficulties with it.
12. There are two justifying rationales put in the Drafting Instructions. One relates to the objective of harmonising Australian law with a global norm (Drafting Instructions, [46]) and the other to adherence with the 'social contract' or quid pro quo policy basis of patent law (Drafting Instructions, [9]).
13. On the issue of inter-jurisdictional harmonisation, it is useful to consider the proposed reform against the global Lundbeck litigation involving the chemical escitalopram. Lundbeck made a claim to escitalopram per se disclosing in the patent two means of making the chemical.
14. After the publication of the patent, other methods of producing the isolated enantiomer were found. At trial in the UK, Kitchen J held that the claims to the isolated enantiomer alone were bad for insufficiency as the patentee could not disclose only two methods of producing the isolated enantiomer but claimed it however produced.
15. It is crucial to note that the trial judge's finding was unanimously reversed by the Court of Appeal and the House of Lords in *Lundbeck (H Lundbeck v Generics (UK) Limited* [2008] ROC 19). Lord Hoffmann (sitting in the Court of Appeal) noted that Biogen was a case that concerned with a very specific type of claim, and that his Lordship considered that the Biogen approach could not therefore be extended to ordinary product claims, in which the product is not defined by a class of processes of manufacture.
16. In supporting this proposition, Lord Hoffmann relied extensively on European Patent Office authority. In Germany, the US and the Netherlands the issues of insufficiency or undue claim breadth by the inclusion within the escitalopram claim of chemicals manufactured by the (non-disclosed) method was seemingly not raised as an invalidity ground.
17. IPC respectfully submits that the escitalopram litigation reveals the suggestion made in the Drafting Instructions about full-scope enablement being a harmonised rule in global patent law is not correct, and instead shows that the position in overseas jurisdictions is not in a state of accord.
18. With respect to the issue of adherence to the 'social contract', IPC notes that while social contract theory of patent law is an ostensibly cogent basis to assert the need for a full-

scope enablement requirement, future alleged infringements – including some not foreseeable on grant – will raise questions about claim scope. Those questions typically lead to conclusions having to be made about whether the alleged infringement falls within a claim under the purposive construction methodology. Sometimes those alleged infringements will themselves involve patentable, inventive improvements to integers of the claim. Under the principle of full-scope enablement such improvements could seemingly not infringe a valid claim unless the patentee had provided an enabling disclosure of the improvements. This would be a remarkable departure from the current law and represent a radical curtailment of the rights of patentees.

19. Indeed, it would create in many fields of technology a nonsensical level of disclosure that would be impossible to ever satisfy.
20. Therefore, as submitted above, IPC does not support the amendment in the form put forward by IP Australia. IPC reiterates its earlier suggestion that reform might be best considered by requiring claims to be fairly based upon the disclosed inventive step involved with the claim.
21. In the alternative, IPC considers that there would be considerable merit, in these circumstances, in making no changes until it becomes clear whether in fact the High Court was seeking in *Lockwood v Doric (No. 1)* and *Kimberley-Clark Australia v Arico Trading* (both cases which were confined to product claims and therefore do not cover the possible field) to alter the law of sufficiency insofar as it related to classes of products or processes rather than to comment beyond the product claims of the type it was there considering.
22. As to the point that it is open to the High Court in Australia to follow the UK approach to the required basis for process claims, and without IPC expressing any view on whether the particular approach would be accepted by the court, an argument that could be put to the court is set out in paragraphs 23 to 31 as follow.
23. The starting point is the principle stated by the High Court in *Kimberley-Clark* that:

The question is, 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.³
24. This was affirmed by the High Court in *Lockwood v Doric (No. 1)*. In *Lockwood* at [67] the High Court was dismissive of a discussion by Lord Hoffmann of sufficiency in *Biogen*.
25. The matter was not, however, central to the reasoning in *Lockwood* and the High Court did not have reason to consider carefully the whole of Lord Hoffmann's speech in its context. If the High Court had, they may have observed that, after the passage in *Biogen* to which they referred, Lord Hoffmann continued at 48 noting that:

In fact the board in *Genetech* was doing no more than apply a principle of patent law which has long been established in the United Kingdom, namely that the specification must enable the invention to be performed to the full extent of the monopoly claimed. If the invention discloses a principle capable of general

³ (2001) 207 CLR 1 [25].

application, the claims may be in correspondingly general term. The patentee need not show that he has proved his application in every individual instance. On the other hand, if the claims include a number of discreet methods or products, the patentee must enable the invention to be performed in respect of each of them.

Thus, if the patentee has hit upon a new product which has a beneficial effect but cannot demonstrate that there is a common principle by which that effect will be shared by other products of the same class, he will be entitled to a patent for that product but not for the class, even though some may subsequently turn out to have the same beneficial effect: see *May & Baker Limited v Boots Pure Drug Co Limited* (1950) 67 RPC 23, 50. On the other hand if he discloses a beneficial property which is common to the class he will be entitled to a patent of all products for that class (assuming them to be new) even though he has not himself made more than one or two of them.

26. Lord Hoffmann clarified his comments in *Biogen* when sitting in the Court of Appeal in *H Lundbeck v Generics (UK) Limited* [2008] ROC 19 where he stated:

In order to decide whether the specification is sufficient, it is therefore first necessary to decide what the invention is. That must be found by reading and construing the claims, in which the inventor identifies what he claims to be his invention. ... [29]

S.60(1) of the Act makes it clear that a claim may be either to a product or a process. In the case of a product claim, performing the invention for the purposes of s72(1)(c) means making or otherwise obtaining the product. In the case of a process claim, it means working the process. A product claim is therefore sufficiently enabled if the specification discloses how to make it. There is nothing to say that it must disclose more than one way. [30]

27. His Lordship then considered *Biogen* in depth and identified why it was a special case. Lord Hoffman noted that the inventor in *Biogen* was unable to claim to have invented the relevant DNA molecule because it existed naturally nor could he claim to have invented the molecule isolated and outside the body because that had been done. What he had invented was a process for making it, but he thought that would be too limited so he sought to make a product claim to a DNA molecule which defined the product partly by the way it had been made and partly by what it did.
28. Thus Lord Hoffmann said that this was interpreted by the House of Lords as being a claim to a class of products which satisfied specified conditions. However, the law of sufficiency is that a class of products is enabled only if a skilled man can work the invention in respect of all members of the class and this must be demonstrated either empirically or disclosure of principle which can reasonably be expected to apply across the class. The specification in *Biogen*, however, described only one method of making the molecule and disclosed no general principle so the claim failed.
29. Importantly, Lord Hoffmann said at [35] in *Lundbeck* :

In my opinion, therefore, the decision in *Biogen* is limited to the form of claim which the House of Lords was there considering and cannot be extended to an ordinary

product claim in which the product is not defined by a class of processes of manufacture.

30. Lord Hoffmann concluded his discussion in *Lundbeck* at paragraph [41] where he said:

What the judge has done is to make the requirements of sufficiency under s72(1)(c) differ according to the nature of the inventive step. If it is to 'describe a new and non-obvious compound which has a beneficial effect', the judge acknowledges (at para 263) that one way of making it will be sufficient. But the case is otherwise if the inventive step is to find a way of making an obvious compound. In my opinion, however, there is nothing in s72(1)(c) which connects the requirements of sufficiency to the inventive step. What needs to be disclosed sufficiently to enable it to be performed is *the invention* as defined in the claim. That remains the same, whatever may have been the inventive step.

31. To the extent that the comments by the High Court in both *Kimberley-Clark* and *Lockwood* are confined to product claims, being the type of claim before the Court in each of those cases, there is no conflict between the principles articulated by the High Court and those articulated by Lord Hoffmann. The question unresolved in Australia is the extent to which seeking to articulate a broad principle extending to claims for classes of products or claims for a process. If, as Lord Hoffmann argues, the issue is simply to identify *the invention*, His comments appear to fit precisely with the current language of s40(2)(a) of the *Patents Act 1990*.

Section 1.2 Raising patentability standards — inventive step

Section 1.2.1: Common General Knowledge

Proposed Change — Amend s7(2) of the Patents Act to:

- **remove the limitation that common general knowledge be confined to that existing in Australia**

IPC Response

32. IP Australia proposes that *Patents Act 1990* (Cth) s7(2) be amended to remove the limitation that common general knowledge be confined to that existing in Australia.
33. IPC supports this proposal as it is reflected in the Drafting Instructions: Intellectual Property Laws Amendment Bill, Section 1.4.1. The instructions are currently provided in three paragraphs, 89–91. Paragraph 89 currently provides that the words 'in the patent area' be deleted, therefore removing the Australia-only limitation.⁴

Section 1.2.2: Prior Art

Proposed Change — Amend s7(3) of the Patents Act to:

- **remove the requirement that prior art information for the purpose of inventive step must be such that a person skilled in the art could be reasonably expected to have *ascertained, understood and regarded as relevant***

⁴ Australian Government, Drafting Instructions: Intellectual Property Amendment Bill, [89].

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- **the definition of the prior art base for inventive step will not change**

IPC Response

34. IP Australia proposes that *Patents Act 1990* (Cth) s7(3) be amended to remove the current requirement that prior art information for the purpose of inventive step must be such that a person skilled in the art could reasonably have been expected to have been 'ascertained, understood and regarded as relevant'. The Drafting Instructions: Intellectual Property Laws Amendment Bill, Section 1.4.2, set out that no additional definitions or further elaboration in the provision will be required.⁵
35. IP Australia suggests that this change will bring the Australian approach into line with that taken in other countries.⁶ IP Australia further posits that this change may reduce costs for parties opposing patents, as it would no longer be necessary for opponents to establish that the 'skilled person' would have 'ascertained, understood and regarded as relevant' prior art documents raised in opposition.⁷
36. The IPC considers this proposal to have serious flaws. As noted in its previous submission the IPC considered that a proposal to remove these requirements to the Act could have merit if it was adopted in combination with a review of the way which the obviousness test was applied in Australia.⁸ Even in that case alignment with international norms was not practical at present because of the wide divergence of approach between major trading partners such as the US and Europe.
37. In the absence of such a review and in the absence of an internationally aligned position, the proposed amendments should not be made.
38. In that context IPC should add some additional comments.
- First, the proposed submission misconceives the position in Europe and the US by failing to recognise these countries do have regard to the s7(3) issues, but as part of establishing starting point within the general obviousness inquiry or as part of the obviousness test itself. An Australian court faced with the repeal of the relevant provisions in s7(3) would, in IPC's view, be expected to consider itself obliged to assume that those criteria could then not be considered under the obviousness head.

⁵ Australian Government, Drafting Instructions: Intellectual Property Amendment Bill, [102].

⁶ Australian Government, Toward a Stronger and More Efficient IP Rights System, IP Australia Consultation Paper November 2009 [43].

⁷ Australian Government, Toward a Stronger and More Efficient IP Rights System, IP Australia Consultation Paper November 2009 [44].

⁸ IPC suggests that an option might be to add a requirement in s7(2) that unless a survey of the common general knowledge as it existed before the priority date of the relevant claim would make the invention obvious, or the identification of the problem to be solved by the invention obvious, to a person skilled in the art relevant to the inventive claims. Such a change would, in IPC's opinion, make clear that the required starting point of any inventive step inquiry is with the prior art, therefore preventing any danger that an unreasonably disorienting hindsight analysis be applied to an otherwise meritorious invention.

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- Secondly, the assumed costs and difficulties associated with the present law have been overstated. Maintaining the existing law is not an unsatisfactory position for the time being. In particular, the additional costs associated with asking an expert to opine on issue of 'ascertained, understood and regarded as relevant' are not great.
39. The particular issues raised in the Emperor Sports case appear to result because the case related to an unusual technology area (sport) and because there was a lack of any expert evidence on the question. IPC believes a similar decision would not arise in relation to a patent application filed today, if for no other reason than that the practicalities of searching have changed. For example, it is likely that a court would expect an addressee in any area of technology to conduct an internet (e.g. Google) search. As part of such a search US patent databases are now routinely searched, including through sites such as [freepatentsonline](#) and [patentstorm](#).
40. IPC therefore strongly recommends that IP Australia should not proceed to recommend the proposed amendment without otherwise addressing starting point in the context of the obviousness test. IPC is concerned that otherwise the amendment will create a major problem in an attempt to solve a relatively minor misalignment.

Section 1.2.3: Threshold Test for Inventive Step

- ***Proposed Change — None***

IPC Response

41. IP Australia has decided to address concerns regarding a perceived need to raise the standard of the test for inventive step via the restatement of guidelines for patent examiners in the Examiners' Manual and not pursue the previously mooted legislative amendments in order to achieve this outcome.
42. IPC welcomes this decision.

Section 1.3 Improving certainty — requirements considered during examination, re-examination and opposition

Sections 1.3.1A: Usefulness

Proposed change — Amend s45(1) and 48(1) to provide that the Commissioner must examine the request and specification and report on whether, to the best of his or her knowledge, the invention, so far as claimed, satisfies the criterion mentioned in s18(1)(c).

IPC response

43. IPC supports the proposed change.

Section 1.3.1B: Usefulness

Proposed change — Amend the Patents Act to provide that an invention will be 'useful' within the meaning of s18(1)(c) and s18(1A)(c) only if the invention, so far as claimed in any claim has a specific, substantial and credible use.

IPC response

44. IPC supports the proposed change.

Section 1.3.2: Consideration of prior use

Proposed change — Amend the Patents Act to repeal: s45(1A), 48(1A), 98(2), 101B(3), 101G(5). These subsections relate to examination of standard patent applications, modified examination of standard patent applications, re-examination of standard patent applications and patents, examination of innovation patents, and re-examination of innovation patents. Each clarifies that, with respect to examination, the prior art base does not include information made publicly available only through doing an act.

IPC response

45. IPC supports the proposed change.

Section 1.3.3: Re-examination

Proposed change — Amend:

- Section 98(1) to provide that, in addition to novelty and inventive step, the Commissioner must ascertain and report on: s40(2) (full description and claims defining invention), s40(3) (clear, succinct and fully supported claims), s18(1)(a) (manner of manufacture), s18(1)(c) (usefulness), and s18(2) (human beings and the biological processes for their generation are not patentable inventions);
- Section 101G(3) to expand the grounds for revocation of an innovation patent during re-examination to include: s40(2) (full description and claims defining invention), s40(3) (clear, succinct and fully supported claims), s18(1)(a) (manner of manufacture), s18(1)(c) (usefulness), s18(2) (human beings and the biological processes for their generation are not patentable inventions), and s18(3) (plants and animals and the biological processes for their generation are not patentable inventions).

IPC response

46. IPC supports the proposed change.

Section 1.4 Improving certainty — balance of probabilities

Proposed changes — Amend:

- s49(1) – to provide that, subject to s50, the Commissioner must accept a patent request and complete specification relating to an application for a standard patent if the Commissioner is satisfied that there is no lawful ground for objection to the request and the specification.
- s100A(2) – to provide that, in the case of re-examination of a standard patent application which has not yet been granted, the Commissioner must grant a patent if the Commissioner is satisfied that there is no lawful ground for objection to the grant of the patent.

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- **s101** – to provide that, in the case of re-examination of a granted standard patent, the Commissioner must not revoke a patent, either wholly or so far as it relates to a particular claim, unless he/she is satisfied that a ground of revocation has been made out.
 - **s101E(a) and (aa)** – to provide that if, after examining a patent under s101(b), the Commissioner decides in writing that she is satisfied that there is no ground for revocation of the patent, the Commissioner must do the acts in s101E(c) to (f).
 - **s101F(1)(a)** – to provide that if the Commissioner is satisfied that, after examining an innovation patent under s101B, a ground for the revocation of a patent has been made out and that the ground has not been removed (and the patent has not ceased under s143A), the Commissioner must revoke the patent.
 - **s101J(3)** – to provide that, in the case of re-examination of a certified innovation patent, the Commissioner must not revoke a patent unless he/she is satisfied that a ground of revocation has been made out.
 - **s61** – to provide that, in the case of an opposition, the Commissioner must grant a standard patent unless she is satisfied that there is a lawful ground of objection to the grant of the patent.

IPC Response

47. IPC continues to support the adoption of the balance of probabilities as the standard of proof. However, IPC considers that the proposed amendments, in particular as they relate to examination, do not achieve the desired outcome.
48. The Commissioner cannot be 'satisfied there is no lawful ground for objection' where there is no scope for evidence of such a lawful ground for objection to be put to the Commissioner. For example, in the context of a patent application, the Commissioner may not have all information relevant to the existence of a lawful ground for objection before him or her.
49. Further and related to this, the proposal arguably puts an onus on the Commissioner to make reasonable inquiries as to whether there is a ground for objection. This would require substantially greater output of time and effort on the part of the Commissioner in each case.
50. IPC submits that the standard of satisfaction required of the Commissioner should be that there is 'no *manifest* lawful ground for objection'. This retains the proposed standard without placing a burden of inquiry on the Commissioner.
51. In relation to the issue estoppel point mentioned in the Consultation Paper, IPC does not consider that issue estoppel is problematic in this context, but to the extent there is concern it could be resolved by the inclusion of a provision to the effect that, for the avoidance of doubt, a person is not estopped from arguing an issue in court revocation proceedings, despite having been unsuccessful on the issue at the opposition stage.

2. Exemptions to patent infringement

Section 2.1 Experimental use

Proposed change — Amend the Patents Act to require that the rights of a patentee are not infringed by acts done predominantly for experimental purposes on the patented invention. Acts done for experimental purposes on the patented invention include:

- determining how the invention works
- determining the scope of the patent claims
- seeking an improvement to the invention
- testing the validity of the patent
- determining whether an act or product infringes the patent.

IPC Response

52. IPC supports this proposal.

Section 2.2 Regulatory review

Proposed Change — Amend the Patents Act to provide that the rights of a patentee are not infringed by a person exploiting an invention claimed in a patent, if the exploitation is solely for purposes connected with obtaining regulatory approval of goods, other than goods covered by s 119A, under Australian law or under the law of a foreign country or part of a foreign country.

IPC Response

53. IPC maintains its previously expressed concern that this exemption could have adverse consequences on various industries that manufacture products in accordance with safety standards around the world, and again recommends that IP Australia consult with industries which may be affected.
54. IPC considers that the treatment of the patentee and parties subsequently seeking regulatory approval are not in relation to the impact of regulatory approval periods should be consistent. Under the current proposal, the patentee is put at a disadvantage as it is affected by the delay resulting from regulatory approval processes while parties subsequently seeking regulatory approval are not. Where there is no *quid pro quo* in the form of a patent extension, this effectively reduces the real benefit of the patent term.
55. Further, the public policy which has been relied on to justify a springboard for manufacturers prior to expiry of the patent term is not present in industries other than pharmaceuticals. The prompt introduction of lower-price generic pharmaceuticals results in a benefit to the public purse by reducing the costs incurred through the Pharmaceutical Benefits Scheme. No analogous public expenditure reduction exists in the context of other industries. There is therefore no public policy justification for reducing the effective protection of the patent term of patents other than those relating to pharmaceuticals.

3. Resolving patent opposition proceedings faster

Sections 3.1 to 3.7

Section 3.1: Commencing opposition proceedings

Proposed change — Amend regs 5.3 (7) and 5.3AA of the Patents Regulations to require that the Commissioner, and not the opponent, will give a copy of the notice of opposition to the applicant.

Section 3.2: When to provide notice of opposition – opposition period

Proposed change — Amend regs 5.3 (3), 5.3 (5), 5.3 (5A) and 5.3 (6) to require a notice of opposition on all procedural matters to be filed within 2 months of the relevant publication in the Official Journal.

Section 3.3: Procedural oppositions – time for providing statement of grounds and particulars

Proposed change — Amend reg 5.4 to require that for oppositions on procedural matters, the statement of grounds and particulars is required to be filed within 1 month of the date of filing of the notice of opposition.

Section 3.4: Procedural oppositions – periods for providing evidence

Proposed change — Amend reg 5.8 to require that, for oppositions on procedural matters, the evidentiary periods are to be set by direction of the Commissioner.

Section 3.5: Substantive oppositions – period for serving evidence in support

Proposed change — Amend reg 5.4 to require particularised documents to be provided with the statement of grounds and particulars.

Section 3.6: Notices that parties will not rely on evidence

Proposed change — Amend the Patents Regulations to include a new regulation that, where a party does not intend to rely on evidence in an opposition, they must serve a notice to that effect.

Section 3.7: Notice of intention to serve evidence in reply and period for service

Proposed change — Amend reg 5.8 (4) to remove the requirement that a party serve a notice of intention to serve evidence in reply. Evidence in reply to be filed within two months from the date of service of evidence in answer.

IPC Response

56. IPC supports these proposals.

Section 3.8 Extensions of periods for providing evidence

Proposed change —

- Amend regs 5.10 (2) and 5.10 (5) to require that extensions of time to serve evidence be by direction of the Commissioner, and only where the Commissioner is satisfied that:

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- the party entitled to serve evidence in that period has acted promptly and diligently at all times since the opposition proceedings began but, despite that, cannot serve the evidence in that period, or
 - because of some other compelling circumstance, she should give the direction
- The Commissioner would not be able to extend periods unless at least one of these conditions was made out.
 - The party seeking the directions would bear the onus of convincing the Commissioner of this.
 - In applying this test, the Commissioner would not give a direction to extend a period solely because of delays caused by an agent or a legal representative failing to act promptly or diligently.

IPC Response

57. IPC agrees with the need to avoid delay in providing evidence, however considers that the proposal is overly rigid. In addition, IPC is of the view that the excessive rigidity will have the unintended consequence of causing delays at other stages, in particular where decisions are appealed.
58. IPC submits that there are alternatives to the proposed amendments which would achieve the aim of avoiding delay without the unintended consequence outlined above. These include:
- (a) An accelerating fee structure for extensions of time;
 - (b) Specific costs orders for extensions which are not justified; and
 - (c) A requirement that an extension be supported by a declaration justifying the need for the extension.
59. In all instances, restrictions on extensions should be permitted with the consent of all parties. This would avoid wasted costs of preparing evidence while negotiations are underway, and the potential for negotiating positions to be affected as a result of the filing of evidence during a negotiation process.

Section 3.9 Further evidence

Proposed change — Amend reg 5.10 (4) to repeal the further evidence provisions. Parties would be able to provide any document to IP Australia at any stage. The Commissioner would consider the material and decide on the most appropriate action.

IPC Response

60. IPC considers that this proposal would undermine other proposals seeking to avoid delays, as it would be possible to delay the filing of evidence until the last moment.

Section 3.10 Production of documents or articles, summoning of witnesses

Proposed change —

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- **Threshold test:**
 - **Amend s 210 of the Patents Act to require that the Commissioner would only be able to exercise the powers to summon witnesses or require production of documents or articles if she were satisfied that this would substantially contribute to making the correct decision in the proceedings. The onus would be on the person making the request to satisfy the Commissioner of this.**
 - **Criminal sanctions:**
 - **Repeal sections 179 to 181.**
 - **Persons outside the patent area:**
 - **Amend paragraphs (a) and (c) of s 210 to clarify that the Commissioner may, for the purposes of the Act:**
 - **summon witnesses who are parties to proceedings before the Commissioner and**
 - **to require production of documents or articles from parties to proceedings before the Commissioner.**
 - **Amend s 210 to clarify that the powers under that provision may be exercised against parties to proceedings before the Commissioner, whether or not those parties are within the patent area.**
 - **Introduce a new provision under which the Commissioner would be able to draw a reasonable inference from a person's failure:**
 - **to comply with a requirement to produce documents or articles**
 - **to appear in response to a witness summons or**
 - **refuse to give evidence when appearing as a witness.**

IPC Response

61. In regard to the threshold test, IPC considers that the test of satisfaction that documents or articles 'would substantially contribute' to making the correct decision be changed to 'is likely to substantially contribute'. This reflects the fact that the content of documents is often not known prior to production.
62. IPC is of the view that the remaining proposals are not consistent with making these processes more rigorous and binding.
63. Where reference is made to summoning witnesses who are parties, the reference should be extended to employees, agents and officers of parties, given corporate parties are not able to appear as witnesses.
64. IPC does not object to the limitation of witnesses able to be summoned by the Commissioner from outside the patent area to employees, agents and officers of parties. However, IPC is of the view that there is no justification for removing the power of the Commissioner to call third party witnesses from within the patent area.

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65. IPC considers that criminal sanctions are necessary in the context of third party witnesses. The sanction of drawing an adverse inference is not effective to compel cooperation by witnesses who do not have a direct interest in the outcome of proceedings.
66. The third party procedures have been used and have led to important evidence in cases such as opposition proceedings: see for example *Iluka Midwest Ltd v Wimmera Industrial Minerals Pty Ltd* (2001) 55 IPR 140, *Jos Schiltz Brewing Company v Containers Ltd* (1986) 8 IPR 491.

Section 3.11 Summary of submissions

Proposed change — Amend the Patent Regulations to provide that:

- the opponent must file and serve on the applicant a summary of the submissions that they intend to make at the hearing no later than 10 business days before the hearing is scheduled
- the applicant must file and serve on the opponent a summary of the submissions that they intend to make at the hearing no later than 5 business days before the hearing
- the Commissioner may take a failure to file or serve a summary of submissions into account in considering any award of costs between the parties.

IPC Response

67. IPC supports this proposal.

Section 3.12 Amendments directed by the courts

Proposed change —

- Amend the Patents Act to give the Federal Court the power to direct amendment of an application for a patent, at the request of the patent applicant, during an appeal of a decision of the Commissioner.
- Amend s 105 of the Patents Act to:
 - permit the Court to direct that the Commissioner consider and report to the Court on the allowability of an amendment to an application while an appeal of the Commissioner's decision is pending
 - set out that a complete specification must not be amended, except under s105, while relevant court proceedings in relation to the application are pending.
- Amend s 160 of the Patents Act to give the Federal Court the power to consider amendments made to a specification following a decision by the Commissioner, during an appeal of that decision.

IPC Response

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68. IPC sees merit in s105 amendments being made available in the context of appeals from decisions of the Commissioner in relation to applications for patents. However the s105 procedure should not be made the exclusive avenue for amendment where further applications for amendment.
 69. Amendments made by the Commissioner involve a far less complex procedure and are consequently less costly. This is because of the approach that the courts have taken to the exercise of discretion.
 70. Applicants for amendments under s105 are ordinarily required to make discovery (including, commonly, of all foreign prosecution files), and to provide extensive evidence and disclosures.⁹ The cost of these procedures is a major disincentive to amendment and would allow the tactical use of appeals to effectively prevent an amendment, particularly in cases where patent applicants do not have deep pockets or where the potential obligation to waive privilege would be seriously damaging.
 71. Accordingly, if this change is to be made, IPC suggests that while an appeal is on foot the Court have the power either to deal with an application to amend a patent application (but on the basis that if the proper procedures of the court are followed, the court would be entitled to refuse amendment only on the grounds set out in s102 and not on discretionary grounds — i.e. the court would be in the shoes of the Commissioner rather than being required to consider broader discretionary grounds), or having considered the appeal, to remit the application to the Commissioner to decide any further applications for amendment (again something within the power of the Commissioner on the hearing of an opposition).

⁹ See, for example, *Novartis AG v Bausch & Lomb (Australia) Pty Ltd* (2004) 62 IPR 71 [130]-[132].