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Dear Mr Portelli,

Repealing the best method requirement

1 Introduction

These submissions set out the key grounds justifying a repeal of the requirement to disclose best method in a complete specification.

2 Summary

The requirement to disclose the best method of performing the invention was included in the Raising the Bar (**RTB**) amendments to the Australian patent law despite the fact that many other jurisdictions do not have the requirement and, where there is a best method requirement, it is usually not a ground of revocation.

When the RTB amendments were considered, the previous best method provision had been used rarely and it appears the requirement was maintained in part for consistency with the US. The US has, however, since removed best method as a ground of revocation, in part for reasons of international consistency. At the time of the review, there was no apparent consideration of the interrelationship between best method, the requirement to make enabling disclosure across the full width of claims, the dates on which these obligations arise, and the prohibition on adding new matter.

As far as we can determine, Australia is now the only jurisdiction that has retained the best method requirement, while also adopting the added matter prohibition and full enablement sufficiency requirements. The resulting problems are set out below.

It is submitted that retaining the best method requirement is a mistake and should be removed. Patents granted under the RTB regime are yet to be litigated. If

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possible, the requirement should be remedied retrospectively before that litigation arises.

3 Current position in Australia

The requirement for a patentee to disclose the best method of performing the invention is found in s 40(2)(aa) of the Act. Sections 40(2)(a) and (aa) provide:

A complete specification must:

(a) disclose the invention in a manner which is clear enough and complete enough for the invention to be performed by a person skilled in the relevant art; and

(aa) disclose the best method known to the applicant of performing the invention; ...

In its current form, the best method requirement (s 40(2)(aa)) is a requirement separate to the sufficiency requirement (s 40(2)(a)). This was the result of the RTB amendments.¹

Prior to those amendments, s 40(2)(a) provided:

(2) A complete specification must:

(a) describe the invention fully, including the best method known to the applicant of performing the invention; ...

The purpose of the amendment was to make the sufficiency requirement more stringent, by requiring the patentee to disclose enough information to enable the skilled addressee to perform the invention across the whole width of the claims, and thereby introduce consistency between Australia and the UK and European Patent Convention (**EPC**) jurisdictions.² The requirement to make a disclosure that is 'clear enough and complete enough' has been held in the UK to require enablement across the full width of the claims.³ The position is the same in the European Patent Office (**EPO**).⁴ The result is that the current provisions have the same effect as equivalent provisions under UK legislation and the EPC.⁵

This was a change from the law in Australia at the time, which only required disclosure that enabled the skilled addressee to make something within each claim (the *Kimberley Clark* test).⁶

Unlike the position in the UK and EPO, however, the best method requirement in Australia has been retained and reformulated.⁷

¹ *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) sch 1 item 8.

² Explanatory Memorandum, *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* (Cth), 47:
The intention is that paragraph 40(2)(a) be given, as close as is practicable, the same effect as the corresponding provisions of UK legislation and the European Patent Convention.

³ *Biogen Inc v Medeva plc* [1997] RPC 1; *Generics (UK) Limited v H Lundbeck A/S* [2008] EWCA Civ 311, [2008] RPC 19 at [27].

⁴ European Patent Office, Board of Appeal decision T 409/91, OJ 1994, 653; T 722/95 OJ 1/2001, 1.

⁵ *Patents Act 1977* (UK), s 14(3); *European Patent Convention* (15 ed, 2013), Art 83.

⁶ *Kimberly-Clark Australia Pty Ltd v Arico Trading International Pty Ltd* (2001) 207 CLR 1 at 17; *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (2004) 217 CLR 274 at 297; *Pfizer Overseas Pharmaceuticals v Eli Lilly and Company* (2005) 225 ALR 416; [2005] FCAFC 224 at [330].

4 Best Method requirement in other jurisdictions

Australian patent law is now generally consistent with that of our key trading partners in relation to the sufficiency requirement, but the best method requirement is not consistent.

Of Australia's major trading partners only New Zealand has retained any best method requirement as a ground for revocation. As discussed below, however, New Zealand has retained it in a manner which is much more limited in scope.⁸

United Kingdom. In the UK, the requirement for disclosure of the best method was removed when the *Patents Act 1977* (UK) was enacted. It had been a requirement for a complete specification under s 4(3)(b) of the *Patents Act 1949* (UK), and a ground for revocation under s32(1)(h) of that Act. In enacting the *Patents Act 1977* (UK), the legislature gave effect to most of the recommendations in the Banks Committee Report.⁹ The Banks Committee Report noted that:

The recommendations ... have all been made so as to make the British patent system and patent law compatible with the Strasbourg Convention and with the proposals, as they now stand, for the Patent Cooperation Treaty and the European Patent Convention.¹⁰

The intention of the British Parliament, in enacting the *Patents Act 1977* (UK), was to align itself, as much as possible, with the position in Europe. Indeed, Article 8(2) of the Strasbourg Convention provides that in relation to a patent application:

The description must disclose the invention in a manner sufficiently clear and complete for it to be carried out by a person skilled in the art.¹¹

Europe. This wording is very closely reflected in Article 83 of the EPC. That is, there is no best method requirement in Europe under the EPC.

South Africa. The best method requirement was removed from the patent law of South Africa in 2002, both as a ground of revocation, and as a requirement in specifications.¹²

In **Canada**, the best mode requirement (an analog of best method) applies only to patents for machines.¹³ The position has been confirmed by the Canadian courts.¹⁴

⁷ The best method requirement now exists independently under s 40(2)(aa) of the Act.

⁸ *Patents Act 2013* (NZ) ss 39(1)(b) (**emphasis added**):

(1) Every complete specification must—

(b) disclose the best method of performing the invention that is known to the applicant and for which there is an entitlement to claim protection;

Section 114(1)(c) provides that failing to comply with s 39 is a ground of revocation.

⁹ Committee to Examine the Patent System and Patent Law, Great Britain, '*The British Patent System: Report of the Committee to Examine the Patent System and Patent Law*' (1970). See second reading speech: United Kingdom, *Parliamentary Debates*, House of Lords, 24 January 1977 (Lord Elwyn-Jones).

¹⁰ Committee to Examine the Patent System and Patent Law, Great Britain, '*The British Patent System: Report of the Committee to Examine the Patent System and Patent Law*' (1970) 23 [94].

¹¹ The convention on the Unification of Certain Points of Substantive Law on Patents for Invention (the Strasbourg Convention) 1963, art 8(2).

¹² *Patents Act 57 of 1978* (South Africa), ss 32(2) and 61(1)(e) as amended by *Patents Amendment Act 2002* (South Africa) ss1, 12.

¹³ *Patent Act 1985* (Canada), s 27(3)(c).

In **Japan**, the *Patent Act 1959* does not have an express best method requirement. The requirement in the Act is that the description of the invention be 'clear and sufficient as to enable' the skilled addressee to work the invention.¹⁵ Nevertheless, from time to time the JPO does raise best method type objections in examination. A failure to provide a best method, however, is not a ground of invalidity.

Similarly, in **China**, a type of best method requirement is found in the Rules for Implementation, which states at Article 17(5) that an application must describe in detail the 'optimally selected mode contemplated by the applicant'.¹⁶ However, it is not part of the Patent Law itself,¹⁷ and is not a ground of invalidity.¹⁸

United States. Failure to disclose best mode was removed as a ground of invalidity in the United States in 2011.¹⁹ Best mode continues to be a requirement which can be raised in examination, but failure to disclose best mode no longer exists as a ground of invalidity or as a defence to patent infringement.²⁰ Unlike Australia, the obligation, to the extent that it applies in examination, requires disclosure of the best mode known to the **inventor** (not the applicant) at the **priority date** (not the filing date of the complete specification).

The 2011 US amendment was the culmination of recommendations from various bodies to remove or modify the best mode requirement over many years. The Advisory Commission on Patent Law Reform (**ACPLR**) recommended that the best mode requirement be removed in 1992.²¹ In 2004, the same recommendation was echoed in a report from the National Research Council.²² In 2007, the Committee on the Judiciary made a similar recommendation in its report on the Patent Reform Act of 2007, proposing that best mode requirement be retained, but removed as a defence to infringement.²³ The basis of the recommendations was largely consistent across the three reports, and was largely for practical reasons, which will be discussed below. For now, the key points are:

- (a) Best mode was very costly to litigate;
- (b) Best mode was not serving its purpose, that is it was not providing great benefit; and
- (c) Best mode was not consistent with the law in other jurisdictions including Europe

¹⁴ *Sanofi-Aventis Canada Inc v Apotex Inc* 2009 FC 676 [330]; *Novopharm Ltd v Pfizer Canada Inc* 2010 FCA 242 [72].

¹⁵ *Patent Act 1959*, art 36(4)(i)

¹⁶ Rules for the Implementation of the Patent Law of the People's Republic of China (as at 31 March 2014), Article 17(5).

¹⁷ Patent Law of the People's Republic of China (as at 19 January 2011) (**Patent Law**)

¹⁸ Article 45 of the Patent Law provides that a patent can be invalid if the grant did not conform to the provisions of the Patent Law.

¹⁹ *Leahy-Smith America Invents Act 2011* (USA) s 15.

²⁰ 35 USC ss 112, 282 as amended by *Leahy-Smith America Invents Act 2011* (USA) s 15.

²¹ Advisory Commission on Patent Law Reform, United States, 'A report to the Secretary of Commerce' (1992) 26.

²² Committee on Intellectual Property Rights in the Knowledge-Based Economy, National Research Council, United States, 'A Patent System for the 21st Century' (2004) 121.

²³ Committee on the Judiciary, House of Representatives, United States Congress, 'HR Report No 110-314' (2007) 43-44.

New Zealand is the only main trading partner to have retained best method as a ground of invalidity, however, that jurisdiction differs from Australia in two important aspects.²⁴ First, the obligation to disclose the best method is limited to those methods which would be entitled to protection in their own right (i.e., the methods themselves are an invention), meaning that the particular details such as parts for manufacturing do not need to be disclosed.²⁵ Second, New Zealand does not have the same prohibition against "added matter" in relation to amendments.²⁶ The result is that, in New Zealand, the best method requirement is less onerous on the applicant, and the risks are fewer.

Australia is presently in an eccentric position, where it has aligned its law with the UK and Europe in relation to sufficiency and added matter, yet simultaneously retained the best method requirement. This combination of features makes the Australian law inconsistent with that of our trading partners.

5 Best Method in Australia

Prior to RTB, the best method obligation was expressed in s 40(2) in a subsidiary phrase: "...including the best method of performing the invention known to the patentee". The question of the effect of that form of drafting, and its interaction with the test in *Kimberley Clark*, is the subject of present appeal proceedings. That issue, and the question of whether the redrafting has any consequence, does not need to be dealt with or answered in this submission. On one line of authority, the best method requirement does not travel beyond the requirement for full description, and has effect only in cases where the *Kimberley Clark* full description requirement can only be met if the best method is provided.²⁷ On this line of authority, the best method requirement is not a requirement to provide every detail of the best method, but is, in effect, a requirement that the patentee should not hold back a special "trick" – something which is required to get the inventive result and which could not be worked out by the skilled addressee. The other line of authority is that "more information is better than less", so detail of the best method should be provided, even if the invention is sufficiently described in terms of the *Kimberley Clark* test, and even if there is no special trick.²⁸

The RTB best method obligation applies at the date of filing of the complete specification (not the priority date as in the US) and the obligation extends to matter known to the Patentee (not the inventor as in the US).

²⁴ *Patents Act 2013* (NZ) s 39(1)(b).

²⁵ See *Du Pont de Nemours v Enka BV* [1988] FSR 69, 92; *Rediffusion Simulation Ltd v Link-Miles Ltd* [1993] FSR 369, 407-409 discussing s 4(3)(b) of the *Patents Act 1949* (UK), which shares the same wording as s 39(1)(b) of the *Patents Act 2013* (NZ).

²⁶ *Patents Act 2013* (NZ) s 83(1)(a) (**emphasis added**):

(1) After the acceptance of a complete specification, an amendment to that specification is not allowable and must not be made if the effect of the amendment is that-

(a) the specification as amended would claim or describe matter that **was not in substance disclosed** in the specification before the amendment;

This provision existed in the *Patents Act 1990* (Cth), prior to RTB, and was interpreted to be a requirement that the amendment was fairly based on the original specification. See *Gambro v Fresenius Medical Care South East Asia Pty Ltd* (2000) 49 IPR 321. This is therefore essentially the same as the pre RTB position in Australia.

²⁷ *DSI Australia (Holdings) Pty Ltd v Garford Pty Ltd* (2013) 100 IPR 19 at 81-82 [334]; *PhotoCure ASA v Queen's University at Kingston* (2005) 64 IPR 314 at 343 [102].

²⁸ *Apotex Pty Ltd v Les Laboratoires Servier* [2013] FCA 1426 at [163]-[187].

6 Added matter prohibition and amendment

The RTB amendments introduced into Australian patent law a prohibition on the addition of new matter, being matter that was not disclosed in the specification as filed.²⁹ The Explanatory Memorandum to the Raising the Bar Bill stated:

The item introduces a provision preventing amendment of a complete patent specification after filing to add new matter that would go beyond the disclosure contained in the specification at its filing date. An applicant would not be able to amend the specification to add any material that the hypothetical skilled person could not directly derive by reading the information in the specification as filed.³⁰

While the RTB prohibition against added matter is yet to receive judicial consideration in Australia, the same prohibition has existed in the UK since the *Patents Act 1977* (UK),³¹ and in Europe since the conception of the EPC.³² Cases decided in those jurisdictions are likely to be directly relevant.

The basis of the prohibition on added matter in the UK can be traced to the recommendations of the Banks report, which recommended that amendments involving the addition of subject matter should not be permitted without post-dating. This was intended to prevent the filing of poorly drafted or obscure specifications, by restricting the ability to amend later.³³ The differences in wording between the UK and EPC provisions has no meaningful consequence.³⁴ The same is said for the difference in wording between s76(2) and s76(3)(a) of the *Patents Act 1977* (UK).³⁵

In the UK, the test for examining whether an amendment involved adding matter was espoused in *Bonzel v Intervention Ltd (No 3)* [1991] RPC 553 and involved three steps:

1. To ascertain through the eyes of the skilled addressee what is disclosed, both explicitly and implicitly in the application.
2. To do the same in respect of the patent as granted.
3. To compare the two disclosures and decide whether any subject matter relevant to the invention has been added whether by deletion or addition. The comparison is strict in the sense that subject matter will be added unless such matter is clearly and unambiguously disclosed in the application either explicitly or implicitly.

This test has been adopted in subsequent cases.³⁶ In *Richardson-Vicks Inc's Patent* [1995] RPC 568, the test was summarised as requiring an assessment as to

²⁹ Explanatory Memorandum, Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 (Cth), 60-61.

³⁰ Explanatory Memorandum, Intellectual Property Laws Amendment (Raising the Bar) Bill 2011 (Cth), 61.

³¹ *Patents Act 1977* (UK) s 76.

³² European Patent Convention (15 ed, 2013), art 123(2).

³³ Committee to Examine the Patent System and Patent Law, Great Britain, 'The British Patent System: Report of the Committee to Examine the Patent System and Patent Law' (1970) 32-33 [122]

³⁴ *Triumph Actuation Systems LLC v Aeroquip-Vickers Ltd* [2007] EWHC 1367 (Pat) [36]-[41]; *Vector Corporation v Glatt Air Techniques Ltd* [2008] RPC 10, 246 [3].

³⁵ Richard Miller, Guy Burkill, Colin Birss, Douglas Campbell (eds), *Terrell on the Law of Patents* (Sweet and Maxwell, 17 ed, 2011) 486 [15-16].

³⁶ See *Vector Corporation v Glatt Air Techniques Ltd* [2008] RPC 10; *European Central Bank v Document Security Systems Inc* [2007] EWHC 600 (Pat)

whether the skilled addressee could learn anything about the invention which he could not learn from the unamended specification.³⁷ The test was further elaborated in *European Central Bank v Document Security Systems Inc* [2007] EWHC 600 (Pat) where Kitchin J drew a distinction between adding matter which the skilled addressee would have taken for granted, which is permissible, and adding matter which would have been obvious to the skilled addressee, which is impermissible.³⁸ The addition of a best method will in most cases be the latter.

In Europe, there is a similar prohibition on adding new matter. The relevant query as expressed in Decision G3/89:

...an amendment under Article 123 EPC, what matters is what a skilled person would objectively have derived from the description, claims and drawings of [the patent]...³⁹

The Enlarged Board of Appeal then went on to hold that this meant that permissible amendments must derive directly and unambiguously from the unamended specification, from the perspective of the skilled addressee in light of the common general knowledge.⁴⁰

The consequence is that, in Europe, as in the UK, as now in Australia, an amendment to introduce the best method of performing the invention, if that method involves anything which cannot already be derived from the specification, will not be allowable.

7 Priority date issues

The question of whether, and in what circumstances, a "best method", added between the priority document and the complete application, could result in loss of priority of a claim has not been considered in Australia. However the matter has been considered in Europe for the comparable circumstance of a European patent application relying on the priority date of an application that had been filed within 12 months in a member country of the WTO or a party to the Paris Convention. Where this occurs, the European patent application is only entitled to the earlier priority date where the application is in respect of the same invention as the earlier application.⁴¹

The meaning of 'same invention' was considered in Decision G2/98,⁴² a decision of the Enlarged Board of Appeal. In that case, the Board held that in order for the applicant to enjoy the priority date of the earlier application, the concept of "the same invention" must be equated with the concept of "the same subject matter". The Enlarged Board states that this "is necessary to ensure a proper exercise of priority rights" and "the principles of equal treatment of the applicant and third parties".⁴³

³⁷ *Richardson-Vicks Inc's Patent* [1995] RPC 568, 576.

³⁸ *European Central Bank v Document Security Systems Inc* [2007] EWHC 600 (Pat) [100].

³⁹ Decision G3/89 *Correction under Rule 88* (1993) OJ EPO 117, 129 [2].

⁴⁰ Decision G3/89 *Correction under Rule 88* (1993) OJ EPO 117, 129 [3]. See also Decision G11/91 *Glu-Gln* (1993) OJ EPO 125, 129 [2].

⁴¹ European Patent Convention, Article 87(1).

⁴² Decision G2/98 *Same Invention* (2001) OJ EPO 413.

⁴³ Decision G2/98 *Same Invention* (2001) OJ EPO 413, 432 [9].

In doing this, the tests associated with amendment under Article 123(2) are made relevant to determining whether the application can claim priority from the earlier application. The key aspect of this is described in Decision G3/89.⁴⁴

The result of this is that a European application will only be for 'the same invention' and entitled to priority from the earlier application where the subject matter of the new application is "directly and unambiguously derivable from the earlier application as a whole, from the perspective of the skilled addressee in light of common general knowledge".⁴⁵ The concept of the application as a whole includes the description, drawings, figures, examples and claims. In so finding, the Board has essentially held that 'same invention' and 'same subject matter' mean the same thing.⁴⁶

The reason why the addition of new subject matter is impermissible is explained in Decision G1/93 *Advanced Semiconductor Products* (1994) EPO OJ 541⁴⁷ (*emphasis added*):

With regard to Article 123(2) EPC, the underlying idea is clearly that an applicant shall not be allowed to improve his position by adding subject-matter not disclosed in the application as filed, which would give him an unwarranted advantage and could be damaging to the legal security of third parties relying on the content of the original application. Article 123(3) EPC is directly aimed at protecting the interests of third parties by prohibiting any broadening of the claims of a granted patent, even if there should be a basis for such broadening in the application as filed.

The extent of the protection conferred by a European patent or a European patent application is governed by the provisions of Article 69 EPC. In this respect, it is to be noted that according to Article 69(2) EPC, the patent as granted or as amended in opposition proceedings shall determine retroactively the protection conferred by the application, insofar as such protection is not thereby extended. In other words: even if the claims of the patent as granted are broader than those of the application as published, which may be the case provided there is a basis for that in the application as filed, third parties' rights are not affected by such broadening for the period up to grant of the patent; if, on the other hand, the claims of the patent as granted are narrower than those of the application as published, third parties are benefiting from this as from the outset.

*From the point of view of legal security for third parties, relying on the content of a patent application as filed and published, the adding of undisclosed subject-matter, which may provide a basis for extending the protection conferred by the patent as granted in comparison with what was disclosed and claimed in the application as filed, represents obviously a real danger.*⁴⁸

⁴⁴ Decision G3/89 *Correction under Rule 88* (1993) OJ EPO 117, 129 [3].

⁴⁵ Decision G2/98 *Same Invention* (2001) OJ EPO 413, 432 [9].

⁴⁶ Decision G2/98 *Same Invention* (2001) OJ EPO 413, 432 [9].

⁴⁷ (1994) EPO OJ 541. While this decision concerned Article 123(3), it is applicable to determining 'same invention' under Article 87(1) for the purposes of priority dates.

⁴⁸ Decision G1/93 *Advanced Semiconductor Products* (1994) EPO OJ 541, 550 [11].

This aspect has been affirmed in later decisions.⁴⁹

The application of these principles are highly dependent on the facts particular to each case. Notably the EPO through its Enlarged Board of Appeal recognises that no general rules of application of these principles can be made.⁵⁰ Due to this uncertainty, prudent applicants are reluctant to add material into their European application (or when amending their application or patent), to avoid the risk of losing the ability to rely on the priority date of the earlier application.

This is particularly the case if the change between the earlier application and the European application was to include the best method—something that is not a requirement in Europe. Such a circumstance is likely to mean that it is no longer entitled to the priority date of the earlier application. This is because, where a best method needs to be added to satisfy Australian requirements, it is unlikely to be directly and unambiguously derived from the earlier application.

This creates a direct conflict with the requirements in Australia. Here, the filing of a complete specification is entitled to the priority date of an associated provisional application if the provisional application disclosed the invention the subject of the complete specification in a manner clear enough and complete enough for it to be performed by the skilled addressee but there is no specific requirement for the best method to be disclosed in the provisional specification.⁵¹ Indeed there is no express prohibition against new matter in relation to the filing of a complete specification and instead the Australian applicant *must* disclose the best method in the complete application, which must be the best method known at the time of the filing of the complete application. Consequently, if there is any development between the filing of the provisional application and the complete application, the obligation to disclose best method requires an applicant to do, in Australia, something that will put the priority of the application at risk in Europe.

8 Consequences for PCT Applications

There are two issues for PCT Applications. First, an international filing which does not disclose the "best method" may not subsequently be amended to add the best method at the national stage in Australia. This means that either the PCT application must be drafted with an eye to the unusual position in Australia, which requires a "best method" and requires that the method be the best method known to the applicant, not the inventor, at the complete filing date, not the priority date.

Even an applicant drafting with reference to Australia is faced with the issue of whether including a best method in the PCT filing could result in loss of the claim to priority on the original priority document in Australia or elsewhere for the reasons set out in sections 6 and 7 above.

9 Compliance costs

In the United States the cost of investigation into the state of mind of the inventor was one of the key considerations behind the recommendations to remove the requirement to disclose best mode. The state of knowledge of an individual inventor is at least a reasonably confined matter. The problem is far worse if the question is

⁴⁹ See eg Decision G1/05 *Astropower* (2008) OJ EPO 271, 297 [5.3].

⁵⁰ Decision G2/10 *Disclaimer/SCRIPPS* (2012) OJ EPO 376, 408 [4.5.3].

⁵¹ Patents Regulations 1990, regs 3.12(4); 3.13C.

the state of knowledge of a large corporation or research institution like a university. The inventor or other person giving instructions for the drafting of the specification may not know information known to some other employee or agent of a large organisation without extensive due diligence and then determining which of various methods is "best" is an uncertain, subjective and potentially difficult question.

The level of inquiry required appears to be out of all proportion to the value of its inclusion.

10 Litigation costs

In the United States, another of the key considerations behind the recommendations to remove the requirement to disclose best mode was the extensive costs associated with litigating the requirement. The position appears to be likely to be similar or worse in Australia under the RTB.⁵²

The ACPLR report of 1992 attributed the high cost associated with litigating the best mode requirement down to the fact that it involved an assessment of the subjective state of mind of the inventor, and that this tended to be associated with wide ranging discovery.⁵³ The National Research Council report of 2004 made similar findings, that litigation of best mode was time consuming because much of the evidence relied on circumstantial evidence.⁵⁴ The report of the Committee on the Judiciary in 2007 echoed these findings, and further stated that the best mode requirement added expense to international filings, as foreign patentees had to amend their applications in order to meet the requirement.⁵⁵

The position that existed in the United States prior to 2011, in respect of this point, is directly applicable to the current Australian position, except that it will be the state of mind of the patent applicant and not the inventor that will be relevant. That is, the problem and level of inquiry will be worse in Australia.

11 Lack of benefit

The best method requirement has historically been viewed as part of the bargain made by a patentee with the state, in which protection is conferred in return for disclosure. This view has been somewhat overtaken by the view that patents are conferred to promote innovation, by providing a benefit to the innovator and dealing with the economic problem of free riding.⁵⁶ Arguably, even under this view, the best method requirement may still play a role in providing a means of reducing

⁵² A review of Australian cases where best method was in issue reveals only two cases where the patent was invalid for best method, being: *Apotex Pty Ltd v Les Laboratoires Servier* [2013] FCA 1426; *Colgate Palmolive Co v Cussons Pty Ltd* (1993) 26 IPR 311. See also Wesley Markham 'Is Best Mode the Worst? Duelling Arguments, Empirical Analysis, and Recommendations for Reform' (2011) 51 *IDEA* 129.

⁵³ Advisory Commission on Patent Law Reform, United States, 'A report to the Secretary of Commerce' (1992) 101.

⁵⁴ Committee on Intellectual Property Rights in the Knowledge-Based Economy, National Research Council, United States, 'A Patent System for the 21st Century' (2004) 121.

⁵⁵ Committee on the Judiciary, House of Representatives, United States Congress, 'HR Report No 110-314' (2007) 44.

⁵⁶ Industrial Property Advisory Committee, Patents, Innovation and Competition in Australia – A report to The Hon Barry O Jones MP, Minister for Science and Technology, 29 August 1984, tabled in the Senate on 1 December 1986, Section 1.2 pages 12 to 14; Government Response to the Report of the Industrial Property Advisory Committee, Patents, Innovation and Competition in Australia, tabled in the Senate on 1 December 1986, page 3; Explanatory Memorandum to the Patents Bill 1990, at [2]

'evergreening' (by restricting the ability of a patentee to later claim a second patent for improvements of which they were aware as at the filing of their first patent).⁵⁷

In most cases involving modern technology, however, patents are filed at an early stage of development. The best method known at the date of filing the complete application will often be quite different to the ultimate commercial form. That is, the commercial form, when marketed, will usually contain improvements not known at the filing date. Furthermore, third parties are unlikely to exploit the invention for many years, as they would be unable to do so for the duration of the patent, i.e. 20 years. The result is that the best method of performing the invention, as disclosed in the patent, is very likely to be outdated and superseded by a better method by the time third parties are able to exploit the invention. Indeed, except perhaps in the case of genuinely opaque process inventions, third parties generally reverse engineer the product, rather than rely on disclosures in the patent. Second, the best method is likely to be specific to the equipment and raw materials available to the patentee, and the economics and scale relevant to the patentee as at a particular date. Therefore, the best method disclosed might be of little utility for third parties who may not have the same level of resources. For example, the best method for a researcher or small business will be small in scale while the best method for a large manufacturer may require large capital intensive equipment out of reach for a laboratory researcher or small business. A large scale method is of no value to a small business and vice versa.

12 Timing problems

There are also practical problems with timing.

A patent specification cannot be drafted instantly. The method must be that known at the date of filing, so if improvements arise between giving instructions to the drafter and the date of filing, a further inquiry will need to be made and further additions to the specification. Indeed, unless research stops for the period between giving instructions to draft the complete application and the date it is filed, the problem is ongoing and circular.

13 Not required in light of the new sufficiency obligations

One of the main historical arguments favouring retaining best method was that the public might otherwise be at risk of not being able to work the whole of the invention. The introduction of full enablement sufficiency into Australian law means that argument is now substantially irrelevant.⁵⁸

14 Consistency

Consistency should not be an overriding consideration if a policy is otherwise desirable, but it is nevertheless an important consideration. The cost imposed on

⁵⁷ Petherbridge & Rantanen, "The Pseudo-Elimination of Best Mode: Worst Possible Choice?" (2012) 59 *UCLA L. Rev. Disc* 170.

⁵⁸ See Advisory Commission on Patent Law Reform, United States, 'A report to the Secretary of Commerce' (1992) 102, which notes the function of the enablement requirement, and the fallacy that eliminating best mode is likely to encourage insufficient disclosure in light of jurisdictions such as Germany or Japan, which do not have a best mode requirement.

applicants filing PCT applications, who need to have reference to peculiarities of local law such as the one which has now arisen in relation to best method in Australia, and the burden on authorities such as IP Australia, which cannot rely on international examination of these issues because they are peculiar to Australian law, are cumulatively substantial burdens on the cost of business which should not be imposed without good reason.

15 Conclusion

For the reasons set out above the best method requirement in Australia has become idiosyncratic and problematic. This appears to have arisen from a failure to consider how each of the legislative provisions interact with each other and with the international environment.

The provision in its current form is also likely to cause users of the system to incur more costs in prosecution and in litigation

Finally, the international position has changed since the review which led to the RTB amendments, with the US abolishing best mode as a ground of invalidity, in order to align the US with international practice. This change has increased the extent to which Australia is out of step with the rest of the world on this issue.

If you have any questions in relation to this submission, please contact the Committee Chair, Sue Gilchrist, on 02-9225 5221 or via email: sue.gilchrist@hsf.com or Committee member, Richard Hamer on 03-9613 8853 or via email: richard.hamer@allens.com.au.

Yours sincerely,



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