AUSTRALIAN INDUSTRY
GROUP

31 March 2011

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Terry Moore
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Dear Mr Moore

The Australian Industry Group (Ai Group) welcomes the opportunity to contribute the views of industry to the review of the draft *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* (the Bill).

Schedule 1: Raising the quality of granted patents

There are concerns that the thresholds set for the grant of a patent in Australia are too low, suppressing competition and discouraging follow-on innovation. It has been suggested that patents are granted for inventions that are not sufficiently inventive, and that the details of inventions are not sufficiently disclosed to the public.

The Bill proposes to address these concerns by amending the Patents Act to address four key areas of patentability.

1. *Increase the inventive step standard used when assessing if an application is sufficiently inventive to justify a patent.*

   Amendments would remove restrictions on the information taken into account when assessing whether an application is sufficiently inventive to justify a patent. Although this could make it more difficult for some businesses to patent products, it would also reduce likelihood of patents being issued on products which have a limited inventive step.

   Regarding the current provision that the relevant "common general knowledge" is limited to that which exists in Australia, the proposed amendment to delete references to common general knowledge being limited to the 'patent area' (i.e. Australia) is appropriate.

   Accordingly, these amendments would increase the protection for existing Australian patent holders. It is appropriate to raise the standard in Australia to a level set that is more consistent with standards set of our major trading partners (namely the US, the UK and Japan).

   Ai Group recommends supporting this amendment.

2. *Bolster the requirement that a patented invention be useful.*

   Amendments would strengthen the requirement that the invention works in the way that the patent says it does and that the specification explains how the invention works. It would also prevent the grant of patents for speculative inventions that require too much further work before they can be put into practice.

   While the practical application of the claimed invention in most applications filed is clear and uncontroversial, the implications here for industry research and development activities may be significant. The enhanced utility requirement will only be of concern to those companies attempting to 'push the envelope' in specific technology areas.

   We have reservations regarding the wording of the amendment. By referring to the "meaning of the word useful in the Act", subsection (2) does not clarify the intent. It does not explicitly define which "meaning" is being referred to.

   Ai Group recommends that the Bill be amended to sure sufficient flexibility is maintained, as provided by the current legislation, to allow for protection of innovation as the process of that work continues, prior to the complete finalisation of development.

3. *Raising the standards set for disclosure of an invention.*

   A patent allows a time-limited exclusive right to exploit an invention, in exchange for providing sufficient information public to make and use the invention. Specifications must be clear and complete enough for a skilled person to perform the invention. The amendments' intent is to ensure that granted patents are no broader than the invention which has been disclosed.

   The Explanatory Memorandum asserts that the lower standard of disclosure required under subsection 40(1) allows an applicant to use a provisional application to deter competitors before the applicant has fully realised their invention. It appears that this amendment's intent is to address anti-competitive behaviour.

   While anecdotally, there may a small number of applicants which may sometimes file provisional applications with the intention of creating uncertainty for competitors, we are unaware of any credible evidence to suggest that there is a systemic issue requiring legislative remedy.

   Further, the proposed amendment to "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*"* is problematic.

   It is important to note that the right of the applicant to maintain confidentiality of the contents of the application until 18 months from the priority date is enshrined in international conventions.

   Ai Group would strongly object to all provisional applications being subjected to a substantive technical review of the contents of the specification before allocating an application number and filing date, and publication of this information.

   Ai Group does not support this amendment and recommends that sufficient flexibility is maintained in the current legislation to allow the old fair basis rule, and the long line of case law is retained.

4. *Increase certainty in the validity of granted patents.*

This change will expand the grounds that the Commissioner can consider, and apply a consistent standard of proof across all grounds, so that the Commissioner is not obliged to grant patents which would not pass scrutiny and could be subsequently found invalid by the courts.

This amendment should translate into greater presumption of validity if, and when, a patent is challenged, and accordingly improve certainty for patent holders. Ai Group recommends supporting this amendment.

Schedule 2: Free access to patented inventions for research and regulatory activities

This amendment would draw a line between research and commercial activities, leaving researchers free to conduct their experiments without worrying about the patent system. The amendments clarify that research and experimental activities relating to patented inventions are exempt from infringement, whereas commercial activities are not. The intent is to give broad and clear protection to research and experimental activities in order to maximise research.

This amendment would legislate what is now common practise, that researchers often do not seek to clarify whether their research activities infringes upon a patent. While supporting giving certainty to research about where they have freedom to operate around patented technology, the concern with this proposal is around identifying when research ceases to be research for research sake and becomes commercial research and development.

Ai Group recommends that the exemption be accepted, on the firm basis that it will not intend to apply to acts that will commercialise the invention, or to manufacture it for the purpose of sale or use for commercial purposes. Additionally, “market research” on a patented invention should not be exempt under this research provision due to the predominant commercial purpose of such an activity.

Schedule 3: Reducing delays in resolution of patent and trade mark applications

This amendment would refine opposition proceedings to better facilitate the settling of disputes in a quick, inexpensive and expeditious manner. It would also tighten the timeframes within which divisional applications can be filed, reducing opportunities for abusive use of these applications.

Ai Group recommends supporting this amendment which provides patent applicants with greater certainty by increasing efficiency and effectiveness of the current dispute settlement arrangements.

Schedule 4: Assisting the operations of the IP profession

The amendment would permit companies to provide patent attorney services and advertise themselves as patent and trade marks attorneys. Further, this will allow attorneys to incorporate and to extend to client-attorney communications the same privilege as currently exists for communications between a lawyer and their client.

Ai Group recommends supporting this amendment which will help patent and trade mark attorneys deliver professional high quality services to their clients by balancing the need for adequate protection for users of attorney services and avoiding unnecessary regulation for the profession.

Schedule 5: Improving mechanisms for trade mark and copyright enforcement

This amendment would bolster the penalties for trade mark infringement and to improve the system for confiscating counterfeit goods. It would improve mechanisms for trade mark and copyright enforcement by providing for stronger penalties, better tailored offence provisions and new provisions for additional damages in civil infringement actions to deter infringers.

Ai Group strongly recommends supporting this amendment which would go further to supporting patent holders protect their rights by facilitating more effective enforcement of trade marks and copyright is a significant issue for rights owners.

Schedule 6: Simplifying the IP system

This amendment would implement a number of fixes to the system to remove procedural hurdles, streamline processes and make improvements to ensure that the system is fit for purpose in an increasingly electronic and globalised business environment.

Ai Group recommends supporting this amendment which would facilitate better access to the IP rights system while balancing the level of complexity necessary to ensure a robust system with the need for the system to be accessible and cost effective.

Transitional Arrangements

The transitional arrangements of the new legislation propose that the new provisions – which will increase the requirements for an application to meet the sufficiency, support, utility and inventive step standards – will apply to all applications for which an examination report has not been issued prior to new legislation coming into effect.

Therefore, applications filed prior to commencement of the new legislation, and even those upon which an examination request has been filed, will be subject to the new provisions unless an examination report has been issued by the effective date of the legislation.

This proposed transitional arrangement is a cause of great concern, in particular to applicants who have already filed their applications. The proposed transitional arrangements will seek to make the provisions of the legislation retroactive in effect. This is counterproductive and not conducive to creating an environment which supports certainty for applicants.

It is important than an applicant is confident their application, lodged under the current legislation, will be judged against a known set of standards rather than against a new set of standards which, by definition, raise the bar of patentability.

Retrospectivity of legislation, or legislative amendments, is not usual government policy practise. It is our understanding that previously, amendments to patentability requirements have only applied to applications filed after the new provisions have come into effect.

Ai Group strongly recommends that the new provisions should only apply to applications filed on, or after, the date the legislation comes into effect.

Yours sincerely

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