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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

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PATENTS AMENDMENT BILL 1980

NOTES ON CLAUSES

(Circulated by the Minister for Productivity, ~~the~~ <sup>the</sup> Honourable Kevin Newman)

## PATENTS AMENDMENT BILL 1980

### Notes on Clauses

#### General Description of the Bill

The Bill is intended to amend the Patents Act 1952 as the Principal Act to ensure effective provisions which will avoid the possibility of loss of rights by applicants for patents due to inability to file documents associated with patent applications by a due date. The present provisions in section 160 of the Principal Act relating to extensions of time have, as a result of a decision of the Administrative Appeals Tribunal, been found to be inadequate. Provision is also made to enable the making of regulations relating to the discipline of patent attorneys.

Essentially, the Bill provides for:-

- . validation of extensions of time granted in purported pursuance of section 160 of the Principal Act, and of subsequently granted patents and their priority dates, which are invalid or arguably invalid as being ultra vires, together with provisions to protect affected third parties;
- . extensions of the period for lodging complete-after-provisional specifications and of the period within which a patent application may be accepted by the Commissioner;
- . extensions for up to 6 months, in exceptional circumstances, of the period for lodging Convention applications;
- . clarification of the grounds for the exercise of discretion by the Commissioner of Patents in granting or refusing applications for extensions of time;

- . ante-dating of documents delivered to the Patent Office which have been subjected to delays in the post, for example because of industrial disputes;
- . provisions to relax the conditions for making divisional applications; and
- . provisions to enable regulations to be made authorizing adequate disciplinary control in relation to patent attorneys.

### Introduction

1. Clauses 1 and 2 of the Bill provide for the short title and commencement of the legislation.

### Extension of time for lodging complete specification

2. Clauses 3 and 4 provide for extensions of the 12 month period under section 41 of the Principal Act, within which an applicant who has lodged a provisional specification must lodge a complete specification in respect of the invention.

3. Extensions of time are provided for in proposed sub-section 41A(1), where there has been an error or omission on the part of an applicant or his agent or attorney, or where there are circumstances beyond the applicant's control. These criteria are the same as those presently found in section 160.

4. Sub-section 41A(2) makes it clear that extensions of time are not precluded from being granted for technical reasons because the application has lapsed, or because the extension period has already expired, even though the complete specification has been lodged.

5. Sub-section 41A(3) sets out certain factors which the Commissioner will take into account in considering an application

for extension of time, and also makes it clear that he may consider any other relevant matter.

6. Sub-sections 41A(4) to (9) lay down procedures to be followed in considering these extension applications. These procedures include allowance for opposition by affected third parties to an extension of more than 3 months, and for protection of persons who take steps to use an invention by reason of the application having lapsed at the expiry of the 12 month period in section 41.

7. Sub-section 41A(10) allows an applicant, whose application for an extension of time is refused, to request that the complete specification be allowed to form the basis of a fresh patent application, despite the fact that the application which was accompanied by the provisional specification had previously lapsed.

8. Sub-section 41A(11) provides for automatic extensions where an application for review of a decision by the Commissioner under sub-section 41A(1) is made to the Administrative Appeals Tribunal.

#### Priority date of complete specification

9. Clause 5 introduces sub-section 45(3A) into the Principal Act. This is necessary to guarantee priority rights of persons who made divisional applications under section 49A of the Principal Act before that section was repealed and substituted by the Patents Amendment Act 1979.

#### Procedure where single patent not granted

10. Clause 6 clarifies the provisions relating to the date of a patent where cognation of applications is not allowed

under section 50A of the Principal Act, and where an extension of time has been granted under proposed section 41A.

#### Voluntary division of patents

11. Clause 7 amends section 51 of the Principal Act, which relates to the making of divisional applications (for example where an earlier application is not allowable as being in respect of two or more different inventions). It is proposed to allow the more liberal requirements currently applying before acceptance of the earlier application to obtain until 3 months after advertisement of acceptance of a standard application or until 3 months after advertisement of sealing of a petty patent.

#### Time for acceptance

12. Clause 8 amends section 54 of the Act to make section 160 available to extend the time for acceptance in section 54. The 9 month extension allowable under existing sub-section 54(1B) is to be made available automatically so that the time for acceptance ordinarily available under section 54 would be 21 months from the Examiner's first report. Section 160 will now be able to further extend that period.

#### Date of patent

13. Clause 9 makes special provision in section 67 for the date of patent where an extension of time has been allowed under proposed sections 41A or 142AAA. This is necessary to ensure that there is no possibility of abuse by way of gaining an effectively longer term of a patent where a complete-after-provisional specification or a Convention application is lodged after the period normally permitted.

Regulations with respect to the professional  
conduct of patent attorneys

14. Clause 10 introduces proposed section 135A into the Principal Act. The new section allows for a wider range of disciplinary control of patent attorneys under the regulations, as has been requested by the profession, than is presently permitted by section 135.

Extensions of time for lodging applications  
under international conventions

15. Clauses 11, 12 and 13 provide for limited extensions of the 12 month period under sections 141 and 142 of the Principal Act within which a Convention application may be lodged, so as to preserve priority rights from the date of an earlier application made in another Convention country.

16. Sub-section 142AAA(1) permits extensions of the Convention period, but only to a maximum of 6 months. The grounds for such extensions differ from those in existing section 160 and proposed section 41A in that the sole ground is circumstances beyond the control of the applicant and his agent or attorney.

17. Sub-sections 142AAA(2) to (8) make provisions in relation to extensions of the Convention period which are similar to those discussed in paragraphs 4 to 6 above in connection with proposed section 41A. These relate to grounds for the exercise of discretion and to procedures to be followed, including provisions to protect affected third parties.

Application for review

18. Clause 14 adds to section 151 of the Principal Act provisions allowing for applications for review by the

Administrative Appeals Tribunal of decisions of the Commissioner under sections 41A, 59, 82, 142AAA and 172B.

Extension of time by reason of errors

19. Clause 15 amends section 160 of the Principal Act, which is a general provision relating to extensions of time for doing things under the Act.

20. Sub-section 160(3A) as proposed to be amended contains provisions similar to those proposed in sections 41A and 142AAA with respect to the grounds for exercise of the Commissioner's discretion.

21. Sub-section 160(7) as amended excludes sections 41, 41A, 51, 141, 142 and 142AAA as well as sections already excluded, from the operation of section 160. Proposed sections 41A and 142AAA contain express extension provisions, similar to section 160, for sections 41, 141 and 142, so section 160 is not required. The periods set down in section 51 as proposed to be amended are not considered appropriate for extension.

Time of delivery by post

22. Clause 16 introduces proposed section 172B which allows the Commissioner to take administrative action in relation to documents, etc., contained in letters delayed, for example by industrial disputes, while in the post to the Patent Office. The Commissioner may direct that the documents be deemed to have been lodged on the date on which a letter would have been delivered in the ordinary course of post. In order to achieve reasonable certainty for third parties in assessing affects on their interests, this administrative action by the Commissioner must be taken before 3 months from

delivery of the letter. An application for review of a decision by the Commissioner under section 172B may be made to the Administrative Appeals Tribunal under section 151 as proposed to be amended. It is intended that regulations be made to require notification in the Official Journal of section 172B directions, in order to alert affected third parties.

#### Fees

23. Clause 17 amends section 176 of the Principal Act to allow the making of regulations to prescribe graded scales of fees depending on the time at which an action is done, and to prescribe for remission of fees. It is intended that regulations be made to enable partial remission of fees for extensions of time in respect of that part of the delay which is attributable to the present doubt as to the applicability of section 160 to sections 41, 54, 141 and 142.

#### Regulations

24. Clause 18 enables the making of regulations requiring persons to furnish statutory declarations in proceedings under the Act. This is to overcome deficiencies in this regard in the present regulations.

#### Formal amendments

25. Clause 19 introduces the formal amendments set out in the Schedule.

#### Transitional

26. Clause 20 is a transitional provision guaranteeing the rights of applicants who made divisional applications under repealed section 49A of the Principal Act. Section 49A was repealed and substituted by the Patents Amendment Act 1979.



Validation &c

27. Sub-clause 21(1) provides for the validation of patents, priority dates, and other proceedings in respect of patent applications, where there is a question of invalidity due to a purported extension of time subsequently held to be invalid. This is necessary because a decision of the Administrative Appeals Tribunal held that section 160 of the Principal Act was not available to extend certain times and had been applied invalidly. To overcome the effects of this decision, other provisions of the Bill clarify the availability of extensions of time to sections 41, 54, 141 and 142. Additionally, the retrospective validation of past extensions will ensure that patentees and applicants do not suffer arbitrary loss of rights when all parties have relied in good faith on the past practice of the Patent Office in granting extensions.

28. Sub-clause 21(2) provides for a degree of immunity for persons who had acted on the view that a patent was invalid in committing what would otherwise be an infringement, but who would be held liable for the infringement by virtue of the validation effected by sub-clause 21(1).

Compensation

29. Clause 22 provides for compensation for persons who suffer loss of property rights by virtue of the operation of the Bill. This is intended to protect a third party who is deprived of property by virtue of the validation provision in clause 21. Compensation would be payable by a patentee whose patent is shown to have been invalid because of the

purported grant of a section 160 extension of time which is shown to be ultra vires, if the validation by clause 21 results in the acquisition of property from a third party. Compensation might be expected, if any case arises, to be by way of a licence to make use of a patented invention. It is necessary to include this provision because of paragraph 51(xxxi) of the Constitution.