



THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS
FICPI AUSTRALIA

12 September 2008

IP Australia
PO Box 200
WODEN ACT 2606

Dear Sirs

**Patents Consultation Group Meeting
6 August 2008**

These submissions are made on behalf of FICPI Australia. As requested at the PCG meeting on 6 August, we have looked first at the issues of Opposition Case Management and Divisional Practice. We deal with these issues in turn:

Opposition Case Management

This submission is further to the FICPI Australia submissions to the PCG paper entitled "Opposition case management" submitted on 16 October 2007 and 8 February 2008, and is also further to PCG discussion paper 3 of 13 May 2008 and PCG discussion paper 5 of 6 August 2008.

FICPI Australia agrees that there is value in considering various options to reform patent opposition practice. However consistent with the views that we have previously expressed, we see little value in implementing any significant change pending the outcome of ACIP's review of post-grant enforcement.

We make the following comments in relation to the items within the 13 May and 6 August discussion papers:

(1) Maintain the three month opposition period and period for filing the Statement of Grounds and Particulars but make these periods concurrent.

FICPI Australia notes that there are varying practices adopted by practitioners with regard to the preparation of Statements of Grounds and Particulars. We submit, however, that preparing a detailed Statement of Grounds and Particulars that serves the purpose of detailing the opposition to be presented involves a significant amount of time and effort. Unless significant changes to the requirements of a Statement of Grounds and Particulars are made, we do not believe it is possible to both prepare a Statement of Grounds and Particulars and concurrently be engaged in preparation of Evidence-in-Support.

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Indeed, there would seem to be little point in providing a Statement of Grounds and Particulars if the evidence is intended to be submitted simultaneously with it. The nature of the opponent's case would in that case be apparent from the evidence itself. There is, perhaps, some merit in requiring a simple Statement of Grounds to be prepared that outlines only the grounds to be relied upon in the opposition, if it is intended that the evidence be submitted simultaneously.

(2) Retain three month statutory periods for serving of evidence, but permit only a single three month extension of time as of right for preparation of Evidence-in-Support and Evidence-in-Answer.

It appears that the motivation for adopting shorter evidence periods is in order to filter matters of increased technical or evidentiary complexity out of the opposition system. FICPI Australia does not believe that this approach is appropriate. The opposition system should be available as a relatively low cost and simple means of challenging the validity of accepted patent applications, which does not discriminate against cases on the basis of complexity. It should be understood that a significant factor in parties utilising the opposition system is that the costs associated are reduced by orders of magnitude relative to Court proceedings for revocation. Just because a matter involves high levels of technical or evidentiary complexity does not mean that either or both of the parties involved are able to allocate the resources necessary to bring the matter before the Courts. FICPI Australia is concerned that by forcing more complex matters out of the opposition system there is an increased potential for inequity as individuals, research institutions and universities and small and medium sized enterprises would be disadvantaged compared to better resourced multi-national corporations. If anything, we submit that every effort should be made to reduce the procedural complexity and cost of the opposition system so that it is available to all users of the patent system as a mechanism of testing the validity of applications to be granted.

In our opinion the requirement for submission of expert evidence in opposition proceedings, along with recent case law relating to the manner in which expert evidence needs to be adduced, is the key contributor to delay in preparation of opposition evidence. Absent significant legislative change to modify the manner in which evidence needs to be adduced it is difficult to see how the process of compiling and presenting opposition evidence can be sped up, without having an adverse effect on parties' ability to present their best possible case.

With the system as it currently stands, FICPI Australia believes that there are many oppositions in which the level of complexity and the available pool of potential expert witnesses warrants significantly more time for preparation of expert evidence than just a total of six months. Further extensions of time need to be able to be obtained where necessary.

(3) Limit the time for serving further evidence to the completion of the normal evidentiary periods (including extensions).

FICPI Australia agrees that the time for serving further evidence should be limited to the completion of normal evidence periods and extensions. As noted in our 8 February 2008 submission, FICPI Australia believes that due process can be

abused and opposition proceedings can be unnecessarily protracted by allowing further evidence and amendments to be filed at a late stage in an opposition.

(4) Provide a fixed period or periods before the hearing date in which written submissions and submissions in reply are to be filed with an additional hearing fee applying where there is non-compliance.

FICPI Australia agrees in principle that a fixed period before the hearing date in which written submissions are to be filed would be of assistance. FICPI broadly supports the most recent proposal regarding timing and the consequences of failure to comply. We did not agree with the previous proposal that there might be a monetary penalty for failing to provide a summary of submissions within the stipulated time, but we agree that failure to comply should be a matter that can be taken into account in any award of costs.

We also note that under current opposition procedure, parties are invited to present written submissions comprising a limited number of pages. At present there is no consequence if the page limit is exceeded. FICPI Australia considers that if limits to page numbers are to be imposed, these limits should be observed so that pages in excess of the prescribed number are not taken into consideration, or alternatively failure to comply with the page limit be taken into account in any award of costs.

(5) For amendments, extensions of time, amendments of the Register, etc. a one month opposition period with the Statement of Grounds and Particulars to be filed within a further one month period should be allowed. Periods for serving evidence would then be determined by the Commissioner.

FICPI Australia agrees that the current process of having often protracted oppositions within oppositions is inefficient and unworkable. Matters such as amendments, extensions of time, etc. could all be dealt with by giving the parties a one month period to submit a detailed objection, with submissions from both parties (or evidence, if necessary) to be provided concurrently within a further two months. We then suggest that the Commissioner could issue a written decision, in response to which the parties would have a right to be heard. We believe such an approach would streamline these largely procedural matters and thereby prevent undue delay to the overall opposition procedure.

However, the general public would require a period greater than just one month in order to become aware of and oppose any amendments or extensions of time. A one month opposition period is insufficient time for third parties who are not involved in the main opposition.

(6) Seek amendment of Section 105 of the Act to provide that the Court may direct amendment of a patent request or specification where the Commissioner's decision on an opposition has been appealed.

As indicated in our previous submissions, we agree that amendment to the Act is appropriate such that amendment of a patent request or specification during an appeal to an opposition can only be dealt with by the Court. However, the question arises as to whether opponents would, after issuance of an opposition decision,

immediately file an appeal in order to prevent the applicant from proposing amendments before the Office in response to the decision. An approach that avoids this type of abuse would be preferable.

(7) Seek amendment of Section 210 to significantly limit the circumstances under which the Commissioner may summons witnesses or require production of documents or articles.

FICPI Australia agrees that the powers under Section 210 should only be utilised in extraordinary circumstances and that it is appropriate to amend the legislation accordingly.

Divisional Practice

In broad terms, FICPI Australia is comfortable with most of the proposed changes regarding divisional practice. We should note however, that our members have not encountered any significant difficulties with the current practice and do not see this issue as one requiring urgent action or warranting any radical change. We consider that the flexible arrangements regarding the filing of divisional applications act to provide innovators with appropriate opportunities to secure rights for all aspects of an invention or inventions disclosed in a parent application. Very rarely do we hear of complaint from clients regarding the current arrangements concerning the provisions which currently regulate the filing of divisional applications. This is in contrast to difficulties which can arise in some overseas jurisdictions where divisional practice is a lot less flexible. Having said this, we understand the concerns of IP Australia regarding the use of divisionals as never ending continuation applications, or in some circumstances to avoid a determination in opposition proceedings. With respect to the latter, it is our experience that this is a relatively rare event and FICPI Australia does not currently see this issue as justifying any significant change to divisional filing practice, particularly where this might have unexpected or undesirable consequences.

Turning to the specific proposals, we note as follows:

- (a) FICPI Australia supports the proposal that there be no restriction on the number of generations of divisionals that can be filed.
- (b) FICPI Australia has reservations about this proposal, particularly in circumstances where opposition might be filed by a third party infringer for the purposes of delaying grant, and thus infringement proceedings. At the very least, FICPI Australia strongly urges that if there is to be any change in this quarter that the change not encompass the filing of divisional applications for innovation patents. In this way, if a third party infringer seeks to delay grant the applicant would continue to have the opportunity to deal with that infringement through the filing of an application for the grant of an innovation patent. If the proposal proceeded in the current terms covering all divisional filings, applicants would be left with a situation where enforcement proceedings might be delayed for many years.

As we understand it, this proposal is principally aimed to prevent the current (relatively rare) practice of filing a divisional application and then withdrawing an opposed application before there is a hearing on the substantive opposition.

Whilst we understand the frustration that arises both at IP Australia and for an opponent when this occurs, we are concerned that the issue be not overstated. As indicated above, it is the experience of FICPI Australia members that this practice is relatively rare. In any event, an opponent has achieved some measure of success (akin to acceptance being withdrawn) if an opposed application is withdrawn. Further, if evidence has been filed in the opposition, IP Australia has further material on which to base objections on the examination of the divisional. If the divisional is accepted the opponent is at liberty to oppose once again. FICPI Australia considers that this practice could be better discouraged by the ordering of real or indemnity costs.

- (c) FICPI Australia does not agree with the proposal to restrict the ability of an applicant to claim divisional status from another application during opposition. Failure to claim divisional status generally arises through mistake, and FICPI Australia does not consider that an applicant should be penalised for failing to recognise a divisional connection with an earlier filed case.
- (d) FICPI Australia supports this proposal.
- (e) FICPI Australia supports this proposal.
- (f) FICPI Australia supports this proposal provided that an early indication of intended refusal would arise only where the claims of the divisional application are identical to the claims of the parent, and where the applicant has not made any effort to address the outstanding objections on or prior to the date of examination of the divisional. If a bona fide attempt has been made to address outstanding issues on or before the examination of a divisional, we consider that examination should proceed in the normal course. We understand this proposal is made in order to address concerns that some applicants use the divisional route as a continuation process where no effort is made to change the specification, or address any of the Examiner's concerns. FICPI Australia submits that if the proposal is to be adopted, it should operate only in these narrow terms.
- (g) FICPI Australia does not agree with any proposal which would limit the opportunity of an applicant to withdraw an application at any time. It must be remembered that there are significant cost penalties which can arise for an applicant if leave were refused and opposition proceedings were to continue. For example, if leave to withdraw an opposed application was refused and the opponent was to fail before the Patent Office, the opponent could proceed with an appeal to the Federal Court. If the opponent was then successful in the appeal before the Federal Court, the applicant could face very significant liabilities for costs.

Whilst it is not clear how the discretion to grant leave would be exercised, we note that it would be difficult to grant leave whilst any divisional application

remained pending as a divisional of that divisional could be filed at a later date reverting to the claims of the opposed application. However, plainly it would be inequitable to refuse leave where the divisional application covered a separate invention. In Federal Court proceedings on opposition, leave is not required for an applicant to withdraw an opposed application, and the issue of withdrawal of an opposed application is addressed through an appropriate costs order. FICPI Australia, in any event, believes that the proposal under item (b) would go a long way in addressing the concerns of IP Australia. FICPI Australia disagrees with the proposal under item (g).

(h) FICPI Australia supports this proposal.

FICPI Australia would be pleased to amplify or discuss further any of these issues through its representative at the next PCG meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Gregory M Chambers', with a stylized flourish at the end.

Gregory M Chambers
SECRETARY