

Your Ref: Draft Intellectual Property Laws Amendment (Raising the Bar) Bill 2011

Our Ref: Advocacy - TIPS

5 April 2011

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Dear Director

DRAFT INTELLECTUAL PROPERTY LAWS AMENDMENT (RAISING THE BAR) BILL 2011

Thank you for providing us with the opportunity to make comments on the draft *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011*.

This response has been compiled with the assistance of the Queensland Law Society's Technology and Intellectual Property Committee (TIPS), who have a wealth of experience and knowledge in this area of law.

1. Summary

The proposed *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* ("the Bill") contains a number of amendments which improve, streamline and bring into line with other convention partners, standards which encourage confidence in a more uniform treatment of patents held by overseas stakeholders, whilst giving local patentees some confidence in the validity of the patent in other countries.

Local enforcement finds an easier and cheaper option in the ability to approach the Federal Magistrates Court, with its extension of jurisdiction in trade mark and design matters. Usually, the trade mark matters have been included with claims under the *Copyright Act 1968* and/or the former *Trade Practices Act 1974* under the associated jurisdiction of the court under s 18 of the *Federal Magistrates Act*.

The introduction as s 22A and in the associated provisions, of an administrative alternative to resolution of issues, through the mis-joinder and non-joinder of parties as inventors or persons "deriving title through the inventors", ensures repetitions of the *Stack* litigation are avoided.

A further matter arising from the *Stack* litigation is the fourth point in this submission. It was not part of the Consultation Papers circulated for comment in 2009, however is related to the proper remuneration to be paid to the nominated person or patentee, in cases of Crown exploitation of the invention. The submission will seek government's consideration for the clarification of the remuneration payable to

inventors and those taking through them in the Crown Use situation under Chapter 17. Specifically, the clarification follows a UK model, where a license fee or royalty rate is inappropriate, in circumstances where the inventor (or persons claiming through the inventor) are exploiting or commercialising the invention at the time the invention is taken by the Crown or are reasonably preparing to do so.

The issues raised by this submission relate to:

- Item 6 – the introduction of the requirement of usefulness in the examination stage and as a ground of opposition (proposed section 7A);
- Item 14 - the introduction of threshold tests in seeking that the Commissioner exercise powers to summon witnesses, produce documents and compel evidence;
- Item 18 – the filing of a statement of particulars of the grounds of opposition with the notice of trade mark opposition.
- The clarification in Chapter 17 of the *Patents Act*, to the effect that where an inventor or person claiming through the inventor, is exploiting or reasonably having taken steps to exploit, the invention the subject of the Crown Use, the proper remuneration shall be on a loss of profit basis.
- The transitional provisions.

2. Utility

Of course it makes good sense, if there is a ground for revocation, that it should consistently also be a basis upon which one could oppose the grant or that the examiners might raise an objection to acceptance. That is consistent with trade mark practice and with the other grounds for revocation set out in s 138 of the *Patents Act* 1990.

It is presumed that the draft provision 7A will introduce a standard which will not only be the basis for the test of utility for the examination stage and for decisions involving the ground in opposition proceedings, but also for the interpretation which the courts currently have of utility in considering revocation proceedings.

The EM states that test as:

Usefulness in paragraph 18(1)(c) of the Patents Act is a key criterion for patentability. Patents should not be granted for inventions that are not useful: that have no practical application or do not work. Broadly speaking the claimed invention must actually achieve what is promised by the patentee.

A number of cases are cited to support the statement. Some of those cases were relied upon by the full court in the *Ranbaxy* decision¹ in 2008, in terms that there are two limbs to the test of utility:

*Under ss 138 and 18(1)(c) of the 1990 Act, it is a ground of invalidity if the claimed invention is not useful "so far as claimed in any claim". If the claimed invention does what it is intended by the patentee to do and the end obtained is itself useful, the invention is useful within the meaning of s 18(1)(c) (see *Rehm Pty Limited v Webster's Security Systems (International) Pty Limited**

¹ *Ranbaxy Australia Pty Ltd v Warner-Lambert Company LLC* [2008] FCAFC 82 (28 May 2008); see also *Interpharma Pty Ltd v Commissioner of Patents* [2008] FCA 1498 at [33].

(1981) 81 ALR 79 at 96; *Welcome Real-Time SA v Catuity Inc* [2001] FCA 445; (2001) 113 FCR 110 at 144; and *Fawcett v Homan* (1896) 13 RPC 398 at 405). As to the first aspect, the invention as claimed must attain the result promised by the patentee (*Advanced Building Systems Pty Limited v Ramset Fasteners (Aust) Pty Limited* [1998] HCA 19; (1998) 194 CLR 171 at 187)... (Underline added)

The test goes a little further than the statement in the EM, in that the courts also require that in addition to doing what the patentee promises it must also be useful. To that end however, the insertion of some terms narrowing the meaning of usefulness to clarify the government's intention is indeed helpful.

This submission raises concern regarding the terminology used in Item 7A, specifically with the word 'substantial.' To clarify, no issue is taken with the terms 'specific' or 'credible' in this submission.

As explained in the EM:

*'The intent is that specific, substantial and credible be given the same meaning as is currently given by the US courts and the United States Patent and Trade Mark Office (USPTO).'*²

Relevantly, the Ergas Report states:

The Committee is aware that the United States Patent and Trade Mark Office (USPTO) has recently issued revised interim utility guidelines that, if fully implemented, will bring about a more closely defined approach to the consideration of utility in the patent examination process in the United States.

These guidelines require that the utility be:

- *specific that is a utility that is specific to the subject matter claimed rather than a general utility that would be applicable to the broad class of the invention;*
- ***substantial that is a utility that defines a real world use rather than one that requires further research to identify such a use; and***
- *credible that is the assertion of utility is believable to a person of ordinary skill in the art based on the totality of evidence and reasoning provided.*³ (Emphasis added)

Consistent with this understanding of the term 'substantial', the EM refers to the US case of *In re Fisher*, as the reference for the terms 'specific' and 'substantial' and states:

Currently, the US courts interpret the terms as follows:

- *'specific' means a use specific to the subject matter claimed and can 'provide a well-defined and particular benefit to the public.'*
- *'substantial' means the claimed invention does not require further research to identify or reasonably confirm a 'real world use'. 'An application must show that an invention is useful to the public as disclosed in its current form, not that it prove useful at some future date after further research'.⁴*

² The EM at p17.

³ Ergas Report at p152

⁴ The EM at p17.

Similarly, the United States Patent and Trade Mark Office (USPTO), in its Examiner's Manual, refers to *In re Fisher*,⁵ considers the facts of the case and identifies the term 'substantial' to mean something of benefit to the public in its form, not something requiring further research or which is itself a stage of research. The USPTO states:

Thus a "substantial utility" defines a "real world" use. Utilities that require or constitute carrying out further research to identify or reasonably confirm a "real world" context of use are not substantial utilities. For example, both a therapeutic method of treating a known or newly discovered disease and an assay method for identifying compounds that themselves have a "substantial utility" define a "real world" context of use. An assay that measures the presence of a material which has a stated correlation to a predisposition to the onset of a particular disease condition would also define a "real world" context of use in identifying potential candidates for preventive measures or further monitoring. On the other hand, the following are examples of situations that require or constitute carrying out further research to identify or reasonably confirm a "real world" context of use and, therefore, do not define "substantial utilities:"

(A) Basic research such as studying the properties of the claimed product itself or the mechanisms in which the material is involved;

(B) A method of treating an unspecified disease or condition;

(C) A method of assaying for or identifying a material that itself has no specific and/or substantial utility;

(D) A method of making a material that itself has no specific, substantial, and credible utility; and

(E) A claim to an intermediate product for use in making a final product that has no specific, substantial and credible utility.⁶ (Underline added)

If, therefore, there is consensus that the term 'substantial' means the claimed invention does not require further research to identify or reasonably confirm a 'real world use', what is the problem?

The problem is the potential for the word 'substantial' to be taken to import a quantitative or qualitative degree of usefulness. It will not be sufficient if the usefulness does not require further research, but that it also must reach a degree of usefulness.

The court in *Fisher*, referred to the appearance of the word in the Constitution of the United States and recognized the term 'substantial' had not been defined. Relevantly it said:

The basic quid pro quo contemplated by the Constitution and the Congress for granting a patent monopoly is the benefit derived by the public from an invention with substantial utility. Unless and until a process is refined and developed to this point — where specific benefit exists in currently available form — there is insufficient justification for permitting an applicant to engross what may prove to be a broad field.⁷

⁵ 421 F.3d 1365, 1371, 76 USPQ2d 1225, 1230 (Fed. Cir. 2005).

⁶ The Manual at 2107.01(B).

⁷ 421 F.3d 1365 at [22].

and further:

The Supreme Court has not defined what the terms "specific" and "substantial" mean per se. Nevertheless, together with the Court of Customs and Patent Appeals, we have offered guidance as to the uses which would meet the utility standard of § 101. From this, we can discern the kind of disclosure an application must contain to establish a specific and substantial utility for the claimed invention.

Courts have used the labels "practical utility" and "real world" utility interchangeably in determining whether an invention offers a "substantial" utility. Indeed, the Court of Customs and Patent Appeals stated that "[p]ractical utility' is a shorthand way of attributing 'real-world' value to claimed subject matter. In other words, one skilled in the art can use a claimed discovery in a manner which provides some immediate benefit to the public." Nelson, 626 F.2d at 856 (emphasis added). It thus is clear that an application must show that an invention is useful to the public as disclosed in its current form, not that it may prove useful at some future date after further research. Simply put, to satisfy the "substantial" utility requirement, an asserted use must show that that claimed invention has a significant and presently available benefit to the public.

(Underline added)

The underlined portion of this extract is reproduced in the USPTO manual. The term 'significant' in the court's clarification of 'substantial', respectfully adds to the submission that without clarification, there may be a danger of importing a hierarchy of usefulness of claimed inventions.

The Macquarie Dictionary relevantly defines the term 'substantial' in the first three uses as an adjective, as follows:

1. of a corporeal or material nature; real or actual.
2. of ample or considerable amount, quantity, size, etc.: *a substantial sum of money.*
3. of solid character or quality; firm, stout, or strong.

The same term might be taken to be real or actual or taken to import elements of quantity or quality.

In a paper delivered 11 May 2001, as part of the Continuing Legal Education program of the Queensland Law Society (QLS), Mr Dimitrios Eliades, a current member of the Technology and Intellectual Property sub-committee of the QLS wrote:⁸

...the majority of patent owners are overseas entities where patents are filed through conventions. Consequently terms used in other countries may carry differing connotations.

In General Clutch⁹ the Court had to consider the meaning of the term "comprising" at length to determine if there was infringement. The applicant was a US corporation and the registered proprietor of an Australian patent for "improvements in spring clutches". The patent contained 8 claims, but the applicant relied only on claim 1. Relevantly Claim 1 and claims 4 and 6 (which were referred to but not relied on) stated:

"1. A spring clutch comprising a first shaft...";

"4. A spring clutch comprising a first element...";

⁸ Paper at <http://www.qls.com.au/content/lwp/wcm/resources/file/eb9bf64c45d54e2/intellectual-property-11may01.pdf> at p10.

⁹ *General Clutch Corporation v Sbriggs* 38 IPR 359.

“6. A bi-directional spring clutch comprising an input element...”

The respondent simply said that the word “comprising” is an exclusive term meaning, “consisting only” of what followed the word. These were the essential integers of the claim. If that were not so, the respondent said Claim 1 would claim “any spring clutch made from a combination of integers which includes, but is not necessarily limited to, the integers in Claim1.” If that were the case the respondent said the patent would be invalid under s40 of the Act as it would fail to define the invention (s40 (2)(b)), would not be clear and succinct (s40 (3)) and would not be fairly based.

The applicant contended that the term “comprising” meant “includes” and that what followed was not a closed class of integers, as a spring clutch was not the claimed invention, but rather a spring clutch with the features identified in claim 1. The respondent’s product contained a third shaft and the respondent argued that as the word “comprising” represented a closed class of integers, which referred to two shafts, there could be no infringement.

O’Loughlin J agreed the term was exclusive and meaning ‘consisting only of’. His Honour therefore held that infringement required that each of the essential integers of the claim must be taken. As the respondent’s device lacked two of the integers, there was no infringement.

This instance is not an isolated case. There have been a number of cases where the same term does not carry the same connotation.

Recommendation:

The term ‘substantial’ should be clarified to mean real or actual, so that there is no likelihood that term might be construed as importing a qualitative or quantitative degree of usefulness.

3. Commissioner’s powers to compel evidence

In this regard there are two submissions. Firstly, the reference in the proposed s 210(5) set out in Item 14, should be a reference to paragraph 1(a) rather than paragraph 1(b).

The second relates to the inclusion of the restriction that with reference to the powers under s 210(1) (now simply s 210), the person must have a substantial interest in the proceedings. Respectfully, this could lead to denials of natural justice.

For example, in hearing a s 34 application, as to an entitlement to a patent (or an interest in it), as an ‘eligible person’, the applicant under the section (party A) may be the former employer of the patent applicant (party B). Party A may be aware of a former employee (party C), who witnessed conversations between A and B, relevant to the issue of entitlement. As a former employee, C may have no interest in getting involved with the matter. As a person who has no ‘substantial interest’ in the proceedings before the Commissioner, the evidence of that person may not be taken into account as the Commissioner is directed that she or he must not exercise the powers in s 210(1) unless the person has a substantial interest.

Similarly with documents, many persons will not produce documents unless they are required to under subpoena or notice to produce. The requirement that the person on whom the obligation is imposed, have a substantial interest in the proceedings, will debilitate the ability to obtain evidence from third parties. Something as simple as invoices held by a supplier of materials, relevant to showing the timing of experimentation, will not be able to be produced because the person has no substantial interest in the proceeding.

The committee supports closer scrutiny of the reasons for any request to exercise the powers under s 210 as set out in the Bill and the EM. There must be some real expectation that the witness or documents have the ability to add to the matters, which are relevant for the Commissioner's delegates to take into account in order to make a proper determination.

Recommendation

Remove sub-paragraph (2)(a) in Item 14, and require only that the Commissioner notify the person as set out in the proposed (2)(b).

4. Trade marks – a statement of particulars

The following is an inquiry for clarification, rather than a recommendation.

It is proposed in Item 18 that a statement of particulars be given by the opponent within one (1) month of the filing of the notice of opposition.¹⁰ The patents system provides for three (3) months for such a statement. The committee anticipates that it is the view of the government, that the opponent in a patent opposition proceeding may have a more complex task - for example, searching prior art documents to identify relevant passages leading to an anticipation - whereas a trade mark opponent can readily identify the bases upon which they are opposing?

5. Remuneration for invention taken for the 'services of the Commonwealth or State'

The Commonwealth and States, have a right under Chapter 17 of the *Patents Act*, to exploit an invention, whether that invention is in relation to a granted patent or the subject of a patent application, and such exploitation is not an infringement.¹¹

The Commonwealth or State may exploit the invention themselves or through authorised persons, such authority being able to be given before or after the act/s of exploitation.¹²

The Commonwealth or State is however, required to pay remuneration for the exploitation to the nominated person or patentee.¹³

The relevant provisions are as follows:

S 163:

Exploitation of inventions by Crown

(1) Where, at any time after a [patent](#) application has been made, the invention concerned is exploited by the Commonwealth or a State (or by a person authorised in writing by the Commonwealth or a State) for the services of the Commonwealth or the State, the exploitation is not an infringement:

- (a) if the application is pending--of the nominated person's rights in the invention; or
- (b) if a [patent](#) has been granted for the invention--of the [patent](#).

¹⁰ The EM at p54.

¹¹ *Patents Act* s 163(1).

¹² *Patents Act* s 163(2)

¹³ *Patents Act* s 165.

(2) A person may be authorised for the purposes of subsection (1):

(a) before or after any act for which the authorisation is given has been done; and

(b) before or after a [patent](#) has been granted for the invention; and

(c) even if the person is directly or indirectly authorised by the nominated person or [patentee](#) to exploit the invention.

(3) Subject to [section 168](#), an invention is taken for the purposes of this Part to be exploited for services of the Commonwealth or of a State if the exploitation of the invention is necessary for the proper provision of those services within Australia.

S 165:

Remuneration and terms for exploitation

(1) Repealed [subs (1) rep Act 154 of 1994 s 15 (Pt 5) opn 10 Jan 1995]

(2) The terms for the exploitation of the invention (including terms concerning the remuneration payable to the nominated person or the [patentee](#)) are such terms as are agreed, or determined by a method agreed, between the relevant authority and the nominated person or the [patentee](#) or, in the absence of agreement, as are determined by a prescribed court on the application of either party.

(3) For the purposes of subsection (2), the terms, or the method, may be agreed before, during or after the exploitation.

(4) When fixing the terms, the court may take into account any compensation that a person interested in the invention or the [patent](#) has received, directly or indirectly, for the invention from the relevant authority.

Chapter 17 and specifically s 165, do not stipulate any methodology for the calculation of the remuneration, but simply provide that it be on agreed terms or failing agreement, by assessment through the courts.

There are not many cases in this area for clarification of the methodology, however, in *Stack*, which subsequently settled, the primary judge considered that the exercise of the Commonwealth or State's right, might be in the nature of a compulsory licence.¹⁴ The following exchange took place during the hearing of the matter:

Queen's Counsel for the applicant/patentee: Well, your Honour, one doesn't have to be confined to a mere licence fee, with respect, if the remuneration, which the court finds just and reasonable...

His Honour: But isn't that though in general the way in which a patent would be exploited by a licence? I mean it is in effect, I suppose, arguably a compulsory licence, so might it not be the

¹⁴ G.S. Technology Pty Ltd v Brisbane City Council ('BCC') No. QUD 268 of 2006 Transcript 13 December 2007 P-34 lines 38-46.

right approach to say what we're doing, what we are to be compensated for is the use of our invention, not on the basis that we manufactured all of the products, but that we have hired the intellectual property?

In *Stack*, the applicant had filed expert evidence, for remuneration based on damages for lost profit, as it was exploiting the invention, having won the first tender of the Council, to supply water meters to the Council, pursuant to its patent.

Immediately prior to this exchange, Queen's Counsel for the BCC addressed his Honour, in relation to the applicant's claim:

Queen's Counsel for the BCC: Your Honour will see what they're setting out is a lost opportunity, a conventional damages claim.

His Honour: Well, why isn't that right?

Queen's Counsel for the BCC: Well, in our respectful submission, it presupposes that there was effectively an enforceable right to deal with the council and that they would have had the benefit to build a business based upon dealing in these water meters with the council – and the short answer in law is, 163 says it's not right.

For clarification, his Honour's comments could in no way be elevated to the status of a 'preliminary view' on the matter. Several times through the hearing, his Honour stated the appropriate method to deal with the issue was for the parties to make submissions on the point referring to the relevant authorities for their propositions.¹⁵

However, the exchanges indicated the diverse views which are arguable. The licence fee/royalty approach presents no problem for an inventor who does not have the means or the inclination to manufacture the invention. It then becomes a question of industry equivalents and comparable royalty rates. For a nominated person or patentee who is preparing to manufacture or has been in the process of exploiting the invention, the royalty approach represents a drastic reduction in the remuneration, it would receive by the exploitation. In addition, the licence fee approach takes little or no account of a redundant factory site or equipment, which might have been acquired for the sole purpose of the exploitation.

In support for the licence fee approach, the BCC referred generally to a UK decision *Re Patchett's Patent*.¹⁶ In *Patchett*, the invention was a novel machine gun, which Patchett developed whilst employed by Sterling. Between 1944 and 1953, Sterling, an existing gun manufacturer, manufactured machine guns in accordance with the patent. In 1953, the War Office decided that their Sterling gun would replace the existing Sten gun.¹⁷ The Crown manufactured the machine guns between 1956 and 1964 in Royal Ordnance factories in accordance with the patent.

The primary judge had considered that the patentee should be compensated for a factory standing idle, by reason of the exercise of the Crown use right. Lord Diplock, in the Court of Appeal did not agree.

The sum payable by the Government department is not compensation for an infringement by the Crown of the patentee's monopoly rights, for no infringement is involved. It is erroneous to

¹⁵ Ibid P-30 lines 10, 40-42, 47 – P-31 line 3.

¹⁶ *Re Patchett's Patent* (1967) RPC 237.

¹⁷ Ibid at p239.

regard a patentee as having an exclusive right to manufacture or permit the manufacture of the patented invention, for that is a right which is shared by the Crown. The sum payable under section 46(3) is in the nature of remuneration payable to the inventor or his successor in title for the use made by the Crown of his invention pursuant to that concurrent right.

The public policy which underlies the Statute of Monopolies and the successive Patents Act, is and has always been to promote the trade and prosperity of the realm by encouraging the invention of any manner of new manufacture. This it does by affording the inventor an opportunity to obtain reasonable or adequate remuneration for the skill and ingenuity devoted to devising the invention and any expense incurred upon developing it. The references to reasonable or adequate remuneration I take from sections 39(1)(b) and 23(1) of the Patents Act, 1949. The trade and prosperity of the realm is not promoted by the mere existence of the invention but by its being put to use. Its value to the realm, which is the consideration for the rights granted to the inventor of the patent depends upon the use which is in fact made of the invention and not upon the identity of the person by whom that use is made. That value is neither enhanced nor diminished by the invention's being manufactured by the patentee instead of by some other person.

If the patentee happens to be in business as a manufacturer and chooses to manufacture the invention himself, he will no doubt hope to make a profit on its manufacture, as he would upon the manufacture of any other commodity. Whether he can manufacture it more or less economically than any other manufacturer will reflect his efficiency as a manufacturer and not his skill as an inventor. That his efficiency as a manufacturer would enable him to make a higher profit on its manufacture than other manufacturers, or his inefficiency would involve him in a loss, cannot affect the value of the invention to the Crown which has a concurrent right to manufacture the invention or to authorise other manufacturers to do so for its use.

On principle, therefore, the remuneration payable to the patentee for the use made by the Crown of the invention pursuant to its concurrent right of user is not, in my opinion, affected by the fact that the patentee himself carries on business as a manufacturer for profit or that he would have been capable of fulfilling an order by the Crown for the goods which the Crown has in fact chosen to manufacture for itself, or to authorise other manufacturers to make for it. These are irrelevant considerations in the assessment to be made by the court under sections 46(3) and 48 of the Act. (Underline added)¹⁸

Diplock LJ considered this was the appropriate method finding support in the treatment in the Crown use situation, of the exclusive licensee's rights.

Confirmation for this view is to be found in section 47 of the Act, which deals with the rights of persons other than the patentee to receive or to participate in payments made by the Crown under section 46(3). Sub-section (4) is of particular relevance. It deals with the cases where an exclusive licence has been granted by the patentee in consideration of royalties.

In rejecting the 'loss of profit' approach, His Honour concluded:

This provision seems to me to make it clear that it was not the intention of Parliament that payments made by the Crown in respect of the exercise of its right of user of an invention under section 46 should include any sum to compensate a person who would otherwise have had an exclusive right to manufacture the invention for his loss of manufacturing profit due to the failure

¹⁸ Ibid p251-252.

of the Crown to buy the goods from him. It would be unjust and arbitrary if patentee and exclusive licensee were treated differently in this respect.

It follows that I reject the "loss of profit" basis on which the appellant's claim was based. So did the learned judge. He did, however, express the view that the fact that the patentee was also a manufacturer would have been a relevant factor in determining the amount of the award if it had been established as a fact that the patentee would have been able to fulfill an order by the Crown for the purchase of the goods which in the event it procured by exercising its powers under section 46. As he reached the conclusion of fact that the appellants could not have fulfilled such an order he took no account of the fact that the appellants were manufacturers so that the views which he expressed upon this aspect of the case did not affect the amount which he in fact awarded to the appellants. But whether in the result they were obiter dicta or part of his ratio decidendi, I think that they were wrong.

The UK parliament specifically introduced legislation, effectively rejecting *Patchett's Patent*.

The relevant provision in the *Patents Act 1977* (UK) is s 57A which provides generally for compensation to be paid on a loss of profit basis. There are sub-sections of refinement and qualification but the main aspects are as follows:

Compensation for loss of profit

57A.-(1) Where use is made of an invention for the services of the Crown, the government department concerned shall pay -

(a) to the proprietor of the patent, or

(b) if there is an exclusive licence in force in respect of the patent, to the exclusive licensee, compensation for any loss resulting from his not being awarded a contract to supply the patented product or, as the case may be, to perform the patented process or supply a thing made by means of the patented process.

(2) Compensation is payable only to the extent that such a contract could have been fulfilled from his existing manufacturing or other capacity; but is payable notwithstanding the existence of circumstances rendering him ineligible for the award of such a contract.

(3) – (7).....

The provision was added as part of the 1988 amendments under the *Copyright, Designs and Patents Bill 1987*. Relevant pages of the Second Reading speech in the House of Commons are attached. Attention is directed at Column 1 on page 87, to the comments of Mr Butcher and following. References are made in the parliamentary speeches to registered designs, as the parallel provision in Crown use cases, was made in relation to registered designs.

As said above, in *Stack*, the patentee had fulfilled the first tender to supply the water meters. The second and subsequent tenders went to parties who the patentee had sub-contracted to make parts to fulfil the first BCC tender.

Recommendation:

Chapter 17 be amended to provide for the method of remuneration to be compensation for lost profit in circumstances and modelled upon s 58A of the Patents Act 1977 (UK) (as amended).

6. Transitional Provisions

The transitional provisions proposed in Schedule 1 Item 39(1) and Schedule 6, Item 132(7) are of concern. The proposed amendments seek to impose the new thresholds pertaining to sufficiency, supporting disclosure, utility and inventive step requirements on patent applications that have not yet been issued an examination report. Accordingly, patent applications that were filed prior to the commencement of the Act, and that the Commissioner has not yet considered, will be subject to the new substantive requirements.

We consider the retrospective element of these provisions to be against the rule of law, which promotes prospective and certain laws. The proposed amendments are unfair to patentees who have made a patent application under the current legislative framework, and expect to be judged by standards which are available to them at the time of lodgement.

The negative outcomes of the transitional provisions on patentees are further compounded by the proposed amendment in Schedule 1, Item 29. This amendment requires an applicant to meet the disclosure requirements at the time of filing the complete specification, and prevents any changes to patent specifications after the date of filing that would go beyond the disclosure contained in the specification at the filing date. The amendment requires a new application to be filed which conveys the expanded information and therefore attracts a later priority date.

If the amendments to the transitional provisions are passed in their current form, an application that was filed prior to the commencement of the Act, but has not yet been examined, will not only be assessed by the new standards but will also require a new application to be filed if it is not deemed to be sufficiently disclosed.

Further, the proposed amendments seek to disallow omnibus claims. The amendments outlined in Schedule 3, item 42 propose removing omnibus claims unless "absolutely necessary". This means that any omnibus claims made in applications lodged but not yet examined before the commencement of the Act may be removed and new applications regarding such claims may be needed with new priority dates.

Recommendation

The transitional provision in Schedule 1, Item 39(1) and Schedule 6, Item 132(7) should be removed to apply to patent applications filed on or after the day of commencement.

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Thank you for the opportunity to make comments on the draft *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011*.

If you wish to discuss these concepts further, please do not hesitate to contact our Policy Solicitor Ms Louise Pennisi on (07) 3842 5872 or l.pennisi@qls.com.au

Yours faithfully

Bruce Doyle
President