Patents Bill 1989

Date Introduced: 1 July 1989
House: House of Representatives
Presented by: Hon Barry Jones, M.P., Minister for Science, Customs and Small Business

Digest of Bill

Purpose
To repeal the Patents Act 1952 and replace it as the principle piece of legislation dealing with patents in Australia.

Background
A patent confers on an inventor the right to exclude others for a limited period (up to 16 years in the case of a general patent and 6 years for a petty patent) from making, using or selling their invention. A person who infringes someone else's patent may be prevented from continuing to infringe the patent, ordered to deliver up any infringing articles in their possession, and ordered to pay the patentee either damages or the profits they wrongfully received. Basically, there are four characteristics which an invention must have before it may be patented. These are: that the invention relate to a 'manner of manufacture', that is, something tangible in a commercial sense (ideas, schemes or plans are excluded); that the invention is new or novel, that is, it cannot have been previously disclosed; that the invention is sufficiently inventive (change for no real purpose cannot constitute an invention); and that the invention is useful, that is, it should do what it purports to do.

The Australian Patent, Trade Marks and Designs Office (the Patent Office) processes and examines applications for patents, and grants patent rights by issuing Letters Patent Deeds. In 1987–88, applications for patent protection were lodged with the Patent Office for 21 641 standard patents and 264 petty patents. Applications for standard patents are lodged under procedures of the Patents Act 1952 or the Patent Co-operation Treaty (PCT). Under the PCT, examiners conduct international searches and international preliminary examination of inventions. Australian membership of the PCT allows Australians to apply for patents in other member countries. It also allows Australians to lodge a single international application in Australia designating a member country in which a patent is sought, instead of having to lodge separate applications in each country. In 1987–88, the Patent Office received 484 international applications as a PCT receiving Office, an increase of 21% over the previous year, and notification of 4,828 international applications in which Australia was designated as the country in which a patent was sought.
In October 1979, the Minister for Productivity referred to the Industrial Property Advisory Committee (the Committee) a review of the Australian patent system. The terms of reference for the review included: how the patent system can best contribute to the efficiency and progressiveness of the Australian economy; any changes required to legislation and administrative procedures to make the patent system less complex and more responsive to needs; how patent legislation can be co-ordinated with other industrial and economic policy measures; and the conditions necessary for Australia to maximise benefit from participation in the international development of patent systems.

The general thrust of the Committee's recommendations was that Australia should continue to operate a patent system and participate in the international system. More specifically, the Committee recommended that the present standard patent term of 16 years not be altered and that the procedures for granting of extensions to terms of standard patents be eliminated and that standard patents be tested for novelty against disclosures in documentary form anywhere in the world (under the present Patents Act 1952, standard patents are tested for novelty only against prior disclosure in Australia). In addition, the Committee recommended that patents legislation be reviewed and completely re-drafted to streamline procedure, particularly with a view to eliminating unnecessary steps and procedures, avoiding special categories, and establishing appropriate sanctions for non-compliance.2

On 28 November 1986, the Government’s response to the Committee’s recommendations was tabled in the House of Representatives. The Government accepted most of the Committee’s recommendation. However, the Government rejected other recommendations, including: those dealing with the interaction between the Patents Act 1965 and the Trades Practices Act 1975; that the Patent Office not be required to recover its operating costs for those of its services which are a service to the public rather than a service to direct users; and that the grant of a standard patent not be permitted where there has previously been granted to the same applicant a petty patent for the same invention.3

Main Provisions

Inventions involving micro-organisms will have to meet certain deposit requirements including, prior to filing of the specifications of the invention, deposit of samples in a depository institution and information on the characteristics of the micro-organism (clause 6).

Clause 7 provides that an invention will be treated as novel unless there has been prior disclosure in documents or acts anywhere in the world. The clause also deals with when an inventive step is involved. This will be determined in light of the common knowledge of a reasonably skilled person in the relevant field and prior disclosure in documents or acts anywhere in the world.

Chapter 2 of the Bill (clauses 13-28) deals with the rights given by a patent, who may be granted a patent, and the characteristics an invention must have to be patentable. Clause 13 provides that a patent gives a person an exclusive right, during the life of the patent, to exploit it and to allow
someone else to exploit it. Basically, a patent may be given only to a person who is the inventor or to a person who has been given title, by the inventor, to the invention (clause 15). A patentable invention is one that relates to a manner of manufacture (i.e. something tangible in a commercial sense); is novel and involves an inventive step; is useful; and was not secretly used in Australia prior to the date of filing of the specifications of the invention (clause 18). Clause 24 provides that the person making the decision as to whether an invention is novel or involves an inventive step is, in prescribed circumstances and provided a patent application is made within the prescribed period, to disregard information made publicly available through any publication or use of the invention by, with, or without the consent of the inventor or patentee. In addition, the person making the decision is to disregard information given by an inventor or patentee to the Commonwealth, a State, Territory, an authority of them, or to a person authorised by them to investigate an invention, and anything done for the purpose of an investigation.

Chapter 3 of the Bill (clauses 29 - 53) deals with patent applications, patent specifications, examination of patent requests and specifications, and acceptance or refusal of requests for patents. A person may apply for a patent for an invention by filing, in accordance with the regulations, a patent request and any other prescribed documents. Applications may be provisional or complete and are to be accompanied by specifications (clause 29). Basically, a provisional specification is to describe the invention. A complete specification is to describe the invention fully, including the best method known to the applicant of performing the invention, and end with a claim or claims defining the invention. Claims are to be: clear, succinct and based on the matter described in the specification; relate to one invention only; and not include the name of a person as the name of the invention (clause 40).

The specifications for micro-organisms are to describe the invention fully, including the best method known to the applicant of performing the invention, and meet the deposit requirements (see clause 5). The same requirements will have to be met where an invention involves the use, modification or cultivation of a micro-organism and the micro-organism is not readily available. The Commissioner of Patents (the Commissioner) or a court may, where a complete application or patent for a micro-organism has been made or granted and the micro-organism ceases to be reasonably available, declare that the specifications do not meet the deposit requirements (clauses 41 and 42).

Clauses 49 and 50 provide that the Commissioner, subject to clause 51 (see below), is to accept a request and specifications for a standard or petty patent where satisfied there is no lawful ground for objection. Where the Commissioner refuses to accept a patent or petty patent request, the Commissioner is to notify the applicant of the reasons for the refusal and publish a notice of the refusal in the Official Journal.

Clause 51 provides that the Commissioner may refuse to grant a patent request and specifications, or grant a patent where the invention would be against the law, or if the invention is a substance capable of being used as food or medicine and is a mixture of known ingredients.
The Minister or any other person may, in the prescribed manner, oppose the grant of a standard patent on grounds that the person requesting the patent is not entitled to it; the invention does not relate to a manner of manufacture, is not novel, or does not involve an inventive step; or that the specifications are not complete. Where a grant for a standard patent is opposed, the Commissioner is to decide the case in accordance with the regulations (clause 59).

Chapter 6 of the Bill (clauses 61 – 79) deals with the granting, terms, and extension of terms of certain standard and petty patents. The term of a standard patent will be 16 years, and for a petty patent 12 months, or 6 years if an extension of term is granted (clauses 67 and 68). A patentee of a petty patent may apply to the Commissioner, in the prescribed manner, for an extension of term, and the Commissioner is to decide an application in the prescribed manner. The Commissioner is to grant an extension of term unless satisfied that any grounds of invalidity cannot be, or have not been, removed from the petty patent request or specifications (clause 69).

Clause 70 provides for the extension of term of a general patent where it relates to pharmaceutical substances and the patentee has requested the issue of a marketing approval certificate for the substance. The Minister, the Secretary to the Department of Community Services and Health or an interested party may, within the prescribed period and in the prescribed manner, oppose an extension on grounds that the application for the extension, the marketing approval certificate, or the proposed claim or claims are not in accordance with this Bill, or that the proposed patent includes matter other than pharmaceutical substances (clause 74).

Chapter 7 of the Bill (clauses 80 – 87) deals with grants and terms of patents of addition (i.e. where a patent, other than a petty patent, has been granted or applied for (the main invention), and the applicant or patentee has applied for a further patent for an improvement or modification to the main invention). In such cases, the Commissioner may grant a patent of addition for the improvement or modification to the main invention. The term of a patent of addition will be the same as for the main invention, or longer where the term is extended (clauses 81 and 83).

Chapter 8 of the Bill (clauses 88 – 96) deals with how PCT and patent applications made in prescribed countries (a Convention Country) will be treated under the Bill. Basically, a PCT application is to be treated as if it were a complete application under the Bill for an Australian patent. A patent application from a Convention Country is to include prescribed particulars of the application made in that country, complete specifications, and in all other respects is to be made and dealt with in the same way as any other patent application under the Bill.

Chapter 10 of the Bill (clauses 102 – 115) deals with amendments of patent requests, specifications, other filed documents, and non-allowable amendments. An amendment of a complete specification will not be allowable if the amendment would result in a specification claiming a matter not in substance disclosed or
within the scope of the original specification, or if the specification would not comply with certain requirements set out in clause 40 (see above) (clause 102). Basically, an applicant for a patent or a patentee, may, subject to the Bill and the regulations, ask the Commissioner to amend a patent request or complete specifications, or any filed document, for any purpose including removing a ground of objection to the request or specification, or fixing an obvious mistake. The Commissioner, subject to the regulations, may allow an amendment subject to conditions. The Minister or any other person may, in the prescribed manner, oppose an amendment (clause 104). The Commissioner may, where satisfied there are lawful grounds for objecting to a patent request or complete specification and that these objections could be fixed by an amendment that the applicant has not taken steps to remove, direct an applicant to file a statement of proposed amendments (clause 106).

Chapter 11 of the Bill (clauses 116 – 130) deals with infringements of patents, exemptions to infringement, non-infringement declarations and infringement proceedings. Where the use of a product by a person will infringe a patent, the supplier of that product, other than the patent holder or a licensed holder, will be liable. 'Use of product' is defined to be reasonable use, any use of the product the supplier had reason to believe the person would put it to, and use in accordance with instructions or advertisements (clause 116). There will be three major exemptions to the infringement of a patent. First, the use of the invention or an accessory in a foreign vehicle which comes into Australian territory only temporarily or accidentally. The second concerns such entries where the invention is used in the construction or working of the vehicle, while the last is where a person was making a product or using a process, or had taken definite steps to do so prior to the lodgement date of the specifications of a patent (clauses 117 and 118). A person who wishes to exploit an invention may apply to a court for a declaration that they would not infringe the specifications of a patent (clause 126). Where a person through circulars, advertisement or otherwise threatens a person with infringement proceedings, the threatened person may apply to a court for a declaration that the threats are unjustifiable, or for an injunction against further threats, or the recovery of any damages caused by the threats.

A person may apply to a court, after the prescribed period, for an order requiring the patentee to give them a licence to work the patented invention. The court may make the order if satisfied that the reasonable requirements of the public with respect to the patented invention have not been satisfied (i.e. a trade or industry in Australia has suffered because of the patentee's failure to manufacture the patented product and supply it on reasonable terms), and the patentee has not given a good reason for not exploiting the invention (clauses 131 and 133).

Chapter 17 of the Bill (clauses 159 – 174) deals with exploitation of inventions by the Commonwealth or a State, acquisition of inventions by the Commonwealth, and powers to prohibit the publication and disclosure of certain information about inventions. The Commonwealth or a State (or a person authorised by them) may, at any time after a patent application has been made, exploit an invention for Commonwealth or State services (clause 161). No
remuneration will be payable to an inventor where prior to the invention’s specifications being filed, the invention was recorded, tested, by or for the Commonwealth or a State, unless the inventor or patentee had informed the Commonwealth of the invention. Where an inventor or patentee has informed the Commonwealth or a State of their invention, the terms for the exploitation of the invention will be as agreed between the parties, or if no agreement can be reached, as determined by a court (clause 163). The Governor-General may direct that an invention subject to a patent application, or patent, is to be acquired by the Commonwealth. When this happens, all rights in the patent will be transferred to, and vest in, the Commonwealth. The Commonwealth is to pay compensation to the person they acquired the invention or patent from. The amount will be as agreed between the parties, or if no agreement can be reached, as determined by a court. Subject to any directions of the Minister, the Commissioner may, if it appears to the Commissioner necessary in the interests of the defence of the Commonwealth, prohibit or restrict publication of information about the subject matter of an application for a patent, or prohibit or restrict access to a micro-organism deposited with a prescribed depository institution. The maximum penalty for breach of this provision will be imprisonment for two years (clause 171).

Clauses 175–183 and 198–200 deal with offences. The more interesting offences include: false representations about ownership of patents; purchase, sale, acquisition and trafficking in inventions or patents by officers of the Patent Office; unauthorised disclosure of information about a matter dealt with under the Bill or the Patents Act 1952 by officers of the Patent Office; and unregistered person carrying on business as patent attorney.

The Governor-General may make regulations, including: for the conduct of any business relating to the Patent Office; amendment of patent requests, provisional and complete specifications, and other documents; the control of the professional conduct of registered attorneys and the practice of the profession; and penalties not exceeding $1 000 (clause 224).

The Patents Act 1952 will be repealed by clause 226.

References

For further information, if required, contact the Science, Technology and Environment Group.
This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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