27 November 2017

By email: consultation@ipaustralia.gov.au

To: Lisa Bailey
IP Australia

Dear Lisa

Written Submission on IP Australia’s Public Consultation Papers (August 2017)

FICPI Australia welcomes the opportunity to respond to the consultation papers which form part of IP Australia’s proposed implementation of the Government’s response to the Productivity Commission’s 2016 report, and one of which relates to a trade mark’s issue, as published on 30 August 2017.

We thank IP Australia for providing us with an extension of time in which to make our submission.

About FICPI Australia

As you may be aware, FICPI Australia is an organisation whose members are all registered Patent Attorneys, Trade Marks Attorneys, or registered Patent and Trade Marks Attorneys who have senior roles in IP firms conducting business in Australia and represent both Australian and overseas based clients.

Response

We provide our response using the headings provided in the public consultation papers in respect of the following five topics.

Paper 1: Amending the inventive step requirements for Australian patents
Paper 2: Introduce an objects clause into the Patents Act 1990
Paper 3: Amending the provisions for Crown use of patents and designs
Paper 4: Amending the provisions for compulsory licensing of patents
Paper 5: Introducing divisional applications for international trade marks

Paper 1: Amending the Inventive Step Requirements for Australian Patents

Part 1: Inventive Step

FICPI Australia remains concerned that the proposed changes to the law relating to inventive step have been influenced by an incomplete understanding of the patent laws as they currently stand in Australia. The technical contribution requirements in Europe arise due to the different way in which the concept of invention is delineated under European law as compared with that under Australian law. The separate manner of manufacture requirement under
Australian law does not find a counterpart in European law. Furthermore, it is the experience of FICPI Australia members that the respective rates at which patents are granted in Europe and Australia are influenced more by examination practice than the actual content of the law.

In addition, both the Productivity Commission and the Government appear to have overlooked Australia’s obligations under the Australia–United States Free Trade Agreement. Paragraph 14 of Article 17.9 of that Agreement provides as follows:

“Each party shall endeavour to reduce differences in law and practice between their respective systems, including in respect of differences in determining the rights to an invention…”

Those parts of the Productivity Commission recommendation to legislatively move Australia’s law towards EPO practice and law – particularly with respect to problem-solution inventive step analysis and the consideration of technical features – would alter Australia’s law so to increase the differences between Australian and US law and practice. US law on inventive step is currently closer in substance to Australia’s than it is to Europe’s. Potentially, this would result in a breach of Australia’s obligations under the Australia–United States FTA. Plainly, a move to two-part claims and determination of inventive step by reference to technical contribution is a move away from US practice towards European practice in a way wholly inconsistent with Australia’s current obligations under the Australia–United States FTA.

For both of these reasons, FICPI Australia’s strong recommendation and preferred position are that the Australian Government reconsider the inventive step aspects of the Productivity Commission’s recommendations.

However if, as we understand it, the current deliberations are fixed on using one of four options, it is FICPI Australia’s view that a modified option IS2 is the one least likely to cause confusion and unintended consequences.

**Option IS-1**

FICPI Australia does not support this proposal. The repeal of s.7(3) would lead back to a position where there would be no clarity regarding the extent to which prior art documents can be combined. It would be unclear to Courts whether the previous provisions were still of relevance in determining inventive step, and the recommended guidance in the Explanatory Memorandum would not be of assistance in this respect.

Further, as noted in the consultation paper, it seems clear that the Productivity Commission (and the Australian Government in accepting the Productivity Commission’s recommendations) misunderstood the “scintilla of invention” test as a quantitative test, where it is, of course, a qualitative test. It is a qualitative test that applies in Europe as much as it applies in Australia and incorporation of this notion in the guidelines as proposed would cause further confusion. We see no practical way in which a Court or the Office could follow a direction in the Explanatory Memorandum that a scintilla of invention is an insufficient threshold for meeting inventive step when the fundamental test in s.7 will be whether the invention would have been obvious to a skilled person in the relevant art having regard to the prior art base. An alleged invention will either be obvious to a skilled person or not, regardless of the quantitative difference. The Productivity Commission recommendation sets up an inherent conflict.

**Option IS-2**

FICPI Australia prefers proposal IS2 over the other proposals, as the clarity currently provided by s.7(3) would be imbedded in s.7(2). However, that preference comes with several provisos as some changes are considered necessary.
The proposed guidance, if modified as recommended below, would lend assistance to both the Office and the Courts in assessing inventive step. As explained below, we consider that the third and fourth dot points in terms of the EM guidance should be amended, and possibly deleted.

With regard to the third dot point, it is noted that the PC has not specifically highlighted in its final report the problem solution approach preferred by the EPO for considerations of inventive step and that in many cases it is an inappropriate approach. Accordingly, FICPI Australia’s recommended wording for the third dot point, if the dot point is to be adopted at all, is:

“A problem-and-solution approach similar to that adopted by the EPO technical boards of appeal may be a suitable approach to answering this question in some cases.”

Turning to the fourth dot point, FICPI Australia considers that adopting the approach of the EPO regarding a technical problem would fundamentally change the Australian subject matter test for patentability. In Australia, the extent to which technical solutions are relevant to patentability is determined under the “manner of manufacture” test – not inventive step. One clear advantage of Australia’s patent law over time has been the retention of the manner of manufacture test. To introduce a technical solution requirement into inventive step amounts to an unwarranted and undesirable consequential limitation on what constitutes patentable subject matter (and, as noted above, would be contrary to Australia’s obligations under the Australia – United States FTA). One of the great features of the Australian patent system is that it is open to all types of advances in human ingenuity without a statutory stricture limited to “technical solutions”. Accordingly, FICPI Australia recommends deleting the term “technical” in the fourth dot point.

FICPI Australia also questions whether reference in the fourth dot point to “the closest prior art” is appropriate given the existing and proposed definitions of the prior art base. The legislative basis for relying only on “the closest prior art” is not apparent, particularly as it appears to exclude the possibility of combining two pieces of prior art (neither of which are “the closest prior art”), but where the combination of these two documents would have been obvious to the skilled addressee. Since it is not appropriate in Australia to adopt the “closest prior art” aspect of the EPO problem solution approach, it is not appropriate in the third dot point to identify that approach “as adopted by the EPO technical boards of appeal” (see our proposed wording for the third dot point).

In light of the above, FICPI Australia’s recommended wording for the fourth dot point, if the dot point is to be adopted at all, is:

“When using the problem and solution approach, the question to be answered is whether the skilled person would, when faced with the objective problem, be prompted to modify or adapt the prior art base to arrive at the invention, with a reasonable expectation of solving the problem”

The problem with the recommended wording for the fourth dot point is that it potentially makes the Australian consideration of inventive step using the problem solution approach broader than the corresponding EPO approach, and therefore sets the inventive step bar higher in Australia than before the EPO. Apart from any other considerations of the desirability of doing this, it would also appear to be contrary to the Australia – United States FTA.

Accordingly, FICPI Australia’s most preferred position is that the third and fourth dot points be deleted in their entirety.

**Options IS-3 and IS-4**

For the reasons discussed above with respect to “technical contribution” FICPI Australia strongly opposes implementation of options IS3 and IS4, both of which implement an inventive step test which confuses what is relevant to “manner of manufacture” with “inventive step”.
Part 2: Technical Features

As indicated above, FICPI Australia does not support a change in Australian law requiring applicants to explicitly set out the “technical features” of the claimed invention that distinguish it from the closest prior art. However, if the only options available for progressing the Government direction are those set out in TF1, TF2 and TF3, FICPI Australia would prefer option TF2.

Option TF-1

FICPI Australia strongly opposes the proposed legislative change to s.40. The introduction of a technical feature requirement in s.40 would muddy the water between the subject matter requirements under s.18 and formal specification requirements under s.40. In addition, this proposal would have a heavy regulatory burden on applicants – particularly those from the United States where claims would need to be re-cast when entering the national phase or when filing convention applications in Australia. Indeed, in some cases it may not be permissible to re-cast claims to meet the proposed new s.40 requirements.

Option TF-2

We consider that in most cases a proper examination of an application will enable an Examiner to discern whether the alleged invention involves an inventive step (whether as the solution to an objective (technical) problem or otherwise).

Option TF-3

Under this option, applicants would be required to provide a separate document which would not be part of the patent specification. Plainly, this would involve a heavy regulatory burden and the status of the separate document would be unclear.

Part 3: Transitional Arrangements

All of the options proposed involve changes to the law of which applicants will not have been aware at the time of drafting the relevant patent specification. It would be inequitable to applicants with applications on foot to be restricted in the manner in which a specification can be amended, yet be required to meet any new obligations. As such, FICPI Australia considers that the only tenable transitional arrangement would be under option TA3, so that any changes in the law would affect only newly filed patent applications.

Questions for consultation

Answers to P1 to P5 have been incorporated in, or can be inferred from, our submission in relation to Parts 1 to 3.

In answer to P6, FICPI Australia does not foresee any problems with maintaining the existing approach of the Commissioner disregarding features that do not materially affect the way the invention works for novelty considerations.

Paper 2: Introduce an objects clause into the Patents Act 1990

FICPI Australia is of the view that given the long history and body of case law applying to the Patents Act, there is no need for an objects clause which seeks to provide a statement of legislative intent for the guidance of courts or the interpretation of the Act. Introduction of such a clause risks bringing into doubt well understood and applied jurisprudence developed over many years which has confirmed by judicial interpretation the legislative intent of the Act and provided guidance to the courts by precedent. To introduce such a clause now seems redundant at best.
At worst, FICPI Australia is of the view that introduction of an objects clause now is likely to cause confusion and uncertainty for users of the patents system.

FICPI Australia is also concerned about reference in the proposed objects statements to “wellbeing”. In our opinion the patent system is a purely economic tool that is intended to provide innovators with reward in exchange for disclosure of details of their innovations, to ensure that information relating to innovation is brought into the public domain to form the basis of further innovation. In our view the reference to “wellbeing” clouds the intent of the system and would place patent examiners and the courts in the impossible situation of having to make value judgements regarding the balancing of the benefit against any possible detriment of a new innovation. In the view of FICPI Australia, these types of judgements (i.e. assessment as to whether particular new innovations should be available for use in Australia or should be subject to use restrictions) are matters that should be dealt with separately by state and federal legislatures.

Perhaps our concern with regard to the term “wellbeing” is better expressed with reference to an example. An issue that is currently topical in Victoria is the proposal to amend the law in relation to assisted dying. Let’s assume it were the case that a new active ingredient or formulation, which could be administered to terminally ill patients who wished to end their life and which would reliably give rise to a controlled and peaceful passing, was proposed to be patent protected. If an objects clause is introduced that requires an innovation to enhance “the wellbeing of society” a patent examiner or court could well take the position that this active ingredient or formulation is not consistent with the object of the Act and refuse to grant patent protection. In the view of FICPI Australia, the regulation over the use of such an innovation is best left to other legislative instruments, and the Patents Act should be left alone to serve the purpose of promoting economic growth - and not wellbeing - which is arbitrary and would inevitably require assessment through the moral and cultural lens of the decision maker.

Notwithstanding the above position, FICPI Australia commends IP Australia for reconsidering and revising the objects clauses previously proposed in its July 2013 paper in response to public submissions received.

Options A and B

If, despite our remarks above, introduction of an objects clause in the Patents Act is deemed essential by the Australian parliament, of the two options now presented, FICPI Australia prefers the ambit of the objects clause proposed in Option B, subject to the above remarks. The language of this clause more directly states the purpose of the Act which is for the provision of a patent system in Australia, as opposed to promoting the wellbeing of Australians. In addition to the concerns raised above in relation to the concept of “wellbeing” forming part of the objects clause, as highlighted in the current Public Consultation paper, language that places an emphasis on promoting the wellbeing of Australians (as proposed in Option A) could be interpreted as giving Australian interests preferential treatment which is not the case, is in conflict with our international obligations, and in any event does not provide a clear statement as to the legislative intent of the Act.

Additionally, FICPI Australia does not agree with use of the term "technological innovation" as many innovations and inventions (including innovations and inventions that work to enhance wellbeing) are not technological in nature yet are still apt to enjoy the protections available under the Australian patent system. FICPI Australia recognises that this language is based on the TRIPS agreement but would prefer the language to reflect the broad concept of "innovation" which is consistent with the breadth of application of the Patents Act, rather than "technological innovation" which is unduly limiting.

FICPI Australia is of the view that an additional element which recognises Australia's commitment to its international obligations would be beneficial. This would reflect the international nature of
the modern IP system and provide guidance for future IP policy development which is consistent with our international obligations.

In view of our comments above, FICPI Australia would like to suggest an alternative wording of an objects clause, as follows:

“The purpose of this Act is to provide a patent system in Australia that enhances economic growth by promoting innovation and the transfer and dissemination of information concerning such innovation. In so doing, the patent system should balance over time the interests of innovators, owners and users of patent rights and the public whilst meeting Australia's international obligations.”

**Paper 3: Amending the Provisions for Crown Use of Patents and Designs**

FICPI generally welcomes the making of amendments to the Crown use provisions of the Patents Act 1990 and Designs Act 2003. FICPI Australia has long supported the need for such amendments, and was in particular supportive of the recommendations made by the Advisory Council on Intellectual Property (ACIP) as contained in its *Review of Crown Use Provisions in Patents and Designs*, Oct 2005 (The ACIP Review). FICPI Australia considers the current Crown use provisions found in both the Patents Act and the Designs Act to be out-dated and inconsistent with the general policy direction of government.

Overarching, FICPI Australia considers that the Crown use provisions in both pieces of legislation should be restricted to circumstances of national emergency or extreme urgency which directly relate to national security, public health or public safety. It is FICPI Australia’s view that this should find reflection in the legislation itself, either by way of a new section or amendment of section 163 Patents Act / section 96 Designs Act, rather than addressing this fundamental aspect through guidelines associated with the ministerial oversight process proposed in Recommendation 7.2 in the Productivity Commission’s Report of 2013 on *Compulsory Licensing of Patents* (The PC Report).

FICPI Australia agrees with the proposal that Crown use of third party IP for and in the provision of a service that the Commonwealth, State or Territory Governments have the primary responsibility in providing (e.g. defence) or funding (e.g. health), should require informed approval by a Minister (the Federal Minister with responsibility of the Patents Act or State / Territory Attorneys-General, as the case may be). With the increasing trend of State governments ‘outsourcing’ responsibility to private or semi-private corporations or bodies for providing services, in particular those considered essential, and once the primary responsibility of State or Commonwealth owned bodies and authorities, this proposal will go a long way to ensuring that the statutory shield of the Crown use provisions is not available to such bodies unfettered. Government sponsored or endorsed bodies which provide such services should be on the same level playing field as other private sector bodies which vie to and can provide the same services in commercial competition with the former, in particular where the private competitor may itself hold the very patents / designs to be the subject of Crown use.

However, allowing access to Crown use by government entities and private service providers in scenarios other than those noted above, and which need to be specified given that these represent an ‘encumbrance’ on the patentee’s right to exclude others from exploiting the patent, even under Ministerial supervision, has the potential to undermine the exclusionary aspect of patent (and design) rights. FICPI Australia believes that the currently preferred option 2(c) in the Paper does not adequately address these concerns.

Using the example set-out in the Paper under the heading ‘Benefits of Proposed Solution, Issue 2: The purposes for which Crown use may be invoked’, the Minister could allow Crown use of a patent for genetic testing by government entities as well as private providers notwithstanding the
owner of the patent is in a position to meet this service, albeit at an arbitrary price which the
Minister may deem detrimental to the health expenditure budget of a State or Commonwealth
government. Unless other public health considerations of greater relevance come into play as
regards the need for such genetic testing having to be made available to the public, Ministerial
oversight in granting Crown use in such circumstances would seem ‘inappropriate’, as dictated
‘merely’ by cost considerations as compared to the needs of the public being otherwise not met.

FICPI Australia also submits that whilst it supports the need for guidelines – such as a practice
note or ministerial guidelines – to be followed by the relevant Minister when considering a request
for approval of Crown use, such does not replace the need to enshrine the limited scope of
application of Crown use in legislation proper, rather than in ancillary material like explanatory
memoranda that will accompany the introduction of the required Bill to amend the Patents Act /
Designs Act. It is not unheard of that Courts have opted to follow the literal letter of the Act rather
than have regard to the intents associated with introduction of a Bill.

As noted, FICPI Australia considers that the current structure of the immunity afforded to the
Crown is appropriate in the current environment only if the provisions are significantly limited as
canvased in the various options contained in the paper as well as the PC Report and ACIP
Review. Beyond these amendments, serious consideration should be given to using this
opportunity to also repeal the provisions relating to (i) the acquisition by the Crown of patents and
registered designs (section 171 Patents Act, section 106 Designs Act), other than such relating
to associated technology (Chapter 15 Patents Act) as well as (ii) the right to sell products in

As regards (i), provided that the Crown has access in appropriate circumstances to use of
technologies covered by patents and registered designs, FICPI Australia sees no rationale for the
Crown having a right of acquisition. In practical terms acquisition excludes the original IP owner
from exploiting technology developed and in many cases brought to this country. FICPI Australia
believes that a case for acquisition would be almost impossible to make out, and otherwise would
warrant special legislation which could be introduced by the Commonwealth under section
51(xxxi) of the Constitution.

As regards (ii), Section 163 Patents Act already stipulates that the Crown can exploit the invention
without such being patent infringement, and the term exploit is defined in Schedule 1 of the
Patents Act to include selling a product or a product resulting from using a process which is/are
the subject of the patent. Section 167 would thus seem superfluous. More relevantly perhaps, it
seems to be common ground that Crown use is intended to be a rarely used safeguard that is
invoked only in order to deal with an urgent or substantial issue that is of concern to the public.
There does not appear to be a ‘profit’ motive behind this, in comparison to exploitation by a
patentee. As noted under the heading ‘Benefits of Proposed Solution, Issue 6: International
Obligations’ in the paper, Government use is, by its nature, typically public non-commercial use.
While public non-commercial use is not defined, the Australian Government has stated its
interpretation that all use by the Crown is public non-commercial use. Consequently, it seems
unwarranted for the Crown to derive monetary benefits from exploiting the invention / design in
such circumstances, and any such benefits to not also or instead accrue to the benefit of the
patentee / registered design owner of the IP right which is subject to Crown use.

Questions for consultation

Subject to the above comments, FICPI Australia answers the questions for consultation as posed
in the Paper as follows:

CU1 Which approach to Crown use of patents and designs do you favour and why?

Answer: Option 2(c) with the added requirement of specifying that Crown use may only be invoked
in circumstances of national emergency or extreme urgency which directly relate to national
security, public health or public safety. Guidelines concerning non-exhaustive examples of such
circumstances may add legal certainty to all concerned. In that regard, it would appear that the
 genetic testing example in Issue 2 on page 11 of the Paper seems to be inconsistent with the
 statement that “crown use is intended to be a rarely used safeguard that is invoked only in order
to deal with an urgent or substantial issue that is of concern to the public” and (at the top of page
13) that genetic testing by private parties under the Crown Use provisions could fall within the
 ambit of public non-commercial use. Any such genetic testing by a private provider is surely by
definition commercial.

CU2 What pros and cons have we not considered, including unintended or unforeseen
consequences?

Answer: As noted above.

CU3 What other options are there?

Answer: Repeal of Crown use provisions in their entirety and incorporate into Chapter 12 Patents
Act (Compulsory Licence provisions) provisions that override or modify certain of the existing
provisions to allow the relevant Minister to make an urgent application to the court to be granted
a compulsory licence ex-parte in circumstances of national emergency or extreme urgency which
directly relate to national security, public health or public safety. As noted, it seems to be common
ground that Crown use is intended to be a rarely used safeguard that is invoked only in order to
deal with an urgent or substantial issue that is of concern to the public. Involving the Court in the
process of enabling Crown use has the added advantage of ensuring due judicial consideration
is given to the circumstances justifying alienation by the Commonwealth and/or a State or
Territory of statutory exclusionary rights given to the patentee vis a vis the public’s need for
unencumbered access to patented technology.

CU4 Do you consider that ministerial approval should be required in all circumstances of Crown
use as per options 2(a) and 2(c), or should a waiver be permissible in certain circumstances?

Answer: It is difficult to imagine a set of circumstances which may make prior ministerial approval
optional of a Crown use request. Even in cases of extreme urgency, for example in case of an
outbreak of an infectious disease that could be treated using patented technology, and which a
government-authorised health authority may want to use (exploit) on short notice directly or
through a third party, ministerial approval can be sought on very short notice and without providing
a fully supported case. It is hard to imagine that in this day and age of instant communication
means granting of Crown use by the relevant Minister would be delayed by more than a few days.

Even adopting the more onerous requirements of the compulsory licence provisions which involve
Court participation, nowadays Courts are equipped to deal with urgent requests expeditiously to
avert imminent danger, and then deal with other, less life-threatening aspects in more orderly and
considered manner, like the questions of remuneration and ongoing need for Crown use.

Equally, it is conceivable for ministerial approval to be already drafted and ready to be issued in
specific circumstances which may only require the Minister to confirm that the circumstances
justify final sign-off on the approval. Contingency plans and processes are part and parcel of risk
mitigation strategies, in particular those involving national security and public health and safety.

**Paper 4: Amending the Provisions for Compulsory Licensing of Patents**

FICPI Australia agrees that the compulsory licensing of patents is an area that warrants reform,
and commends the Productivity Commission and IP Australia in addressing the issue.

Having regard to the Questions for Consultation, FICPI Australia submits its responses below.
Part 1: Compulsory Licensing of Patents

CL1.1 Which approach to compulsory licensing of patents do you favour and why?

Option 1: Public education and awareness

FICPI Australia agrees that there may be advantage to the public of Australia in IP Australia undertaking public education and awareness activities.

Option 2: Implement the Productivity Commission’s recommendations in full

Recommendation 6.1: move competition test into the Competition and Consumer Act 2010

As noted in the consultation paper, there have only been three instances where a compulsory licence has been applied for. This suggests that either or both of the following scenarios is occurring:

- The existing compulsory licensing provisions are acting as a deterrent to patentees refusing to grant licences.
- Compulsory licensing is a safeguard that is rarely needed.

FICPI Australia does not support the suggestion that the limited number of compulsory licence applications results from issues with the compulsory licensing provisions limiting their utilisation. There is simply no evidence to support this suggestion. Furthermore, if there were significant problems with the compulsory licensing provisions, one would expect there would have been numerous Federal Court decisions in this area.

FICPI Australia believes that compulsory licensing is best dealt with under the Patents Act. By definition, the granting of a compulsory licence affects monopoly rights awarded under the Patents Act and s.133(2)(b) already provides adequate remedies under the Patents Act as a remedy for anti-competitive conduct.

FICPI Australia agrees that there is insufficient evidence of particular problems that would be specifically resolved by implementing Recommendation 6.1 (moving competition test into the Competition and Consumer Act 2010).

Recommendation 6.2: public interest test

FICPI Australia disagrees with the PC that the “reasonable requirements of the public” test in s.133(2)(a)(ii) creates significant uncertainty or may reduce the incentive to apply for a compulsory licence. However, FICPI Australia is not against adopting the more commonly used public interest test in its place.

FICPI Australia notes that such a public interest test arguably should not require “substantial public interest”, however, this needs to be balanced against Australia’s international obligations, and in particular those under the Australia–United States FTA.

Recommendation 6.3: repeal s.136 of the Patents Act

FICPI Australia agrees that s.136 should not be repealed. The courts should be bound by Australia’s relevant international obligations whether or not s.136 is in the Patents Act, but its presence acts as a reminder to the courts to not make inconsistent orders.

Option 3: Implement a refinement of Recommendation 6.2 only
FICPI Australia agrees that Recommendations 6.1 and 6.3 should not be implemented, but does not support implementing the proposed refined Recommendation 6.2 alone. Instead, as preferred by IP Australia, we support adopting a combination of Options 1 and 3.

FICPI Australia has no particular comments to make in response to questions **CL1.2** to **CL1.4**

**Part 2: Compulsory Licensing for Dependent Patent Owners**

**CL2.1** Which approach to compulsory licensing in circumstances of patent dependency do you favour and why?

FICPI Australia agrees with option 1 which involves amending subsection 133(3B) so that it applies only to a dependent patent owner, and not a third party applicant.

Where a third party applicant requires compulsory licences over more than one patent, these should be treated as separate applications.

FICPI Australia has no particular comment to make in response to questions **CL2.2** and **CL2.3**.

**Paper 5: Introducing Divisional Applications for International Trade Marks**

**Part 1: Introduction of division of International Registrations, and alignment of the process for domestic divisional applications**

FICPI Australia supports the proposal to allow divisional applications to be filed from IRDAs because this will provide applicants with better options during the trade mark prosecution process.

**Alignment of acceptance dates**

FICPI Australia does not support the proposal to align the acceptance dates of parent and divisional applications.

The current practice of IP Australia treats divisional applications as separate new applications from the prosecution deadline perspective. This means that applicants have a 15 month fee-free period in which to address objections. Divisional applications are typically only filed if there are objections raised against the parent which cannot be addressed during the 15 month fee-free prosecution of the parent and applicants would be disadvantaged to lose the additional time obtained by filing a divisional, which is effectively the underlying rationale for the relevant provisions. Divisional applications are often faced with objections which necessitate the filing of evidence of use or the conduct of negotiations with third parties and such action can be protracted. This means that to preserve their position, applicants would need to incur potentially significant costs in obtaining extensions of time.

In addition, if a divisional application is filed at a point where the parent application is already subject to extensions of time, it is unlikely to be possible to seek a deferment under Regulation 4.13 which would, again, disadvantage the applicant by necessitating the filing of extension applications subject to official fees.

Reference is made to the practice in the UK and the US, but we note that the law and practice in those jurisdictions are not substantially the same as the law and practice in Australia. In the US, different standards apply and objections on relative grounds are relatively easy to deal with. In the UK, while an official search for prior relevant marks is conducted during the examination process, citation objections are not raised.
Another point to keep in mind is that in Australia, prosecution deadlines are fundamentally different: unlike the situation in most jurisdictions (including the UK and the US), in Australia the deadline is not for filing a response to an office action but for actual acceptance of the application. This puts pressure on Australian applicants, given that a period of one month is required to allow IP Australia to review an application prior to the acceptance date. Effectively this abbreviates the timeframe allowed to Australian applicants and aligning the parent and divisional deadlines will also unfairly prejudice divisional applicants for this reason.

In summary, FICPI Australia’s preference is to allow divisional applications to be filed from IRDAs but treated as standard applications for procedural deadline purposes.

*Separation of goods and services of parent and divisional*

FICPI Australia considers that the present practice in relation to delineating goods and/or services to be covered by parent and divisional applications is largely acceptable and workable. It is simply a matter of ensuring that the goods and/or services of the divisional application clearly fall within the scope of those of the parent and that the specification/s in the parent can be amended in a manner which reflects an exclusion which mirrors the goods and/or services of the divisional. Noting that applicants can (properly) elect to describe the goods and/or services for which protection is required in accordance with their own particular requirements (and, for example, are not (improperly) obliged to select goods from a “pick list”), it is difficult to see how fair, prescriptive terminology requirements can be introduced.

*Harmonisation of Fees*

FICPI does not support the idea that divisional IRDAs and national divisional applications will be treated differently from a fees perspective. If divisionals from IRDAs are cheaper, this would disadvantage Australian applicants who have no intention to use the IR regime. FICPI’s preference is for official fees for divisional applications to be consistent for IRDA and national applications.

**Part 2: Mergers**

FICPI supports the idea that parent and divisional applications can be merged after registration. This would provide cost savings to owners at renewal.

If this change is effected, it would also make sense to scrap the current rule that single class applications filed after 1 Jan 1996 cannot be linked.

If further explanation is required of the above or further comment sought on any particular aspect, FICPI Australia welcomes any request for such. Please contact our Secretary, Bill McFarlane or myself in relation to this matter.

Yours sincerely

President – FICPI Australia