Australia Raising the Bar

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In the April issue of *Chemistry in New Zealand* we discussed the new patent law being passed in the United States. Now it is Australia's turn. The Intellectual Property Laws Amendment "Raising the Bar" Act[1] passed into law in April 2012 and results in a number of changes to the Patents Act 1990. Here we discuss the more important amendments to the Patents Act from a practical perspective.

Improving the quality of granted patents

A patent application undergoes examination by IP Australia for a range of patentability criteria before it becomes a granted patent. The focus of many of the amendments made by the new Act is to strengthen the key tests for patentability and ensure rigorous scrutiny of patent applications during examination. The amendments also seek to allay concerns that patentability thresholds in Australia are too low, thus making patents too easy to get and discouraging follow-on innovation. By improving scrutiny during examination, the new law should also give patentees and the public greater certainty in the validity of granted patents.

While the amendments are likely to make it harder to get a granted patent in Australia, they should ensure that patents are only granted for inventions that add significantly to what was previously known and available to the public.

Examining for inventiveness

Patent applications are examined by the patent office to see if the invention they describe is *inventive*. This means the invention must be more than just an obvious extension of what is already known in order to be granted a patent. In general terms, *revolutionary* new developments are inventive, whereas *evolutionary* incremental-type developments are less likely to be inventive.

Currently the background information (prior art) by which inventiveness is assessed is information that a person familiar with the subject area could be reasonably expected to have *ascertained, understood and regarded as relevant*. One of the changes to the law will mean the invention must be inventive over *any* publicly available information. For example, currently it could be argued the information in a document in Japanese would not be likely to be combined with the information in a document in Russian, because it is unlikely the documents would both be found and understood by a person in Australia. This type of argument will no longer be as relevant under the new law. This change takes Australian patent law closer to the law in the United States and Europe and means that the threshold of inventiveness that the invention must reach is slightly higher.

If you have an invention which does not quite meet this threshold for inventiveness, i.e. the invention is novel but is *evolutionary* rather than *revolutionary*, there is another form of patent available in Australia called an innovation patent. This type of patent only lasts 8 years (compared to 20 years for a standard patent), and only requires that the invention is *innovative*, rather than *inventive*. In effect, if the invention has a meaningful difference over what is already known (i.e. is *evolutionary*, not necessarily *revolutionary*) it is likely to be considered *innovative*. The rights conferred by innovation and standard patents are the same; they provide the right to stop another party from making, using, importing or selling an invention covered by the claims of the patent in Australia.

Innovation patents can be a great option for incremental advances in technology or for fast-moving areas of technology where a shorter patent term is of less concern. Apple Corp. have made extensive use of innovation patents in Australia and are in the process of enforcing them in their continuing legal action against Samsung.

Experimental use of patented inventions

In the April 2011 issue of *Chemistry in New Zealand* we discussed whether experimental use of a patented invention in New Zealand or Australia would constitute infringement of the patent. At that time, there was no legislative basis for experimental use exceptions in either country. One of the amendments to the Australian law which came into force immediately was to formally legitimise the use of a patented invention for *experimental purposes*. However, this is not as broad an exception as it may sound and certainly does not legitimise the use of patented invention for *any* research/experimental purposes.

In very general terms, if a person is experimenting *on* the invention, this would be deemed experimental use. If a person is experimenting *with* the invention, this would be infringement of the patent. *Experimental purposes* include determining the properties of the invention, determining the scope of a claim of the patent, improving or modifying the invention, determining the validity of the patent or claims of the patent or determining whether an act would infringe the patent. The wording of the amendment makes it clear there may be other experimental purposes other than the ones listed above, but we suggest caution should be exercised if venturing outside these.

Expansion of regulatory approval exception to infringement

Previously the law allowed acts carried out for the purposes of obtaining regulatory approval for a patented pharmaceutical. This means that before the patent has expired, competitors such as generic manufacturers of pharmaceuticals can obtain the necessary clearance to market

and sell their product. This exception to infringement allows competitors to hit the ground running and get their product on the market as soon as possible after the expiry of the patent and not have additional lag time while approval is granted. The exception, which previously only applied to pharmaceutical patents, has now been extended to apply to any patent where the patented product requires regulatory approval. This will be useful for generic manufacturers of agrochemicals and medical devices (or any other field where regulatory approval is required).

When does the law change?

Most of the law changes come into effect in April 2013, although the new *experimental use* and *regulatory approval* exception are already in effect. However, the true extent of the reforms will probably only become clear in due course once a court has had to decide a case granted under the new laws.

If you have an Australian patent application or you are thinking about filing one, you should consider requesting examination of the application prior to April 2013 to avoid being held to the more rigorous standards.

New Zealand bringing up the rear

New Zealand patent law has changed little since the introduction of the current Patents Act in 1953. The Labour government introduced a new Patents Bill back in 2008, but the bill has moved at a snail's pace through the corridors of power in parliament. It seems that the political will to move it forward is lacking and there is speculation that the inter-play between the Bill and the Trans-Pacific Partnership (TPP) negotiations have conspired to slow its progress.

Despite this, recently there does appear to have been renewed impetus. A supplementary order paper was released on 28 August 2012 clarifying a point in the Patents Bill relating to software patents. Whether or not this indicates that the Bill will advance and put New Zealand patent law on a par with other developed nations remains to be seen.

If you have any queries regarding intellectual property related matters (including patents, trademarks, copyright or licensing), please contact: *tim.stirrup@baldwins.com or katherine.hebditch@baldwins.com*

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References

1. Intellectual Property Laws Amendment (raising the Bar) Act 2012, No. 35, 2012

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