

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Industry, Science and Technology

Patents Act 1990

Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020

Legislative Authority

Subsection 228(1) of the *Patents Act 1990* ('Patents Act') provides that the Governor-General may make regulations prescribing matters required or permitted by the Patents Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Patents Act does not specify any conditions that must be met before the power to make the Regulations may be exercised.

The Regulations are a legislative instrument for the purpose of the *Legislation Act 2003*.

Purposes and Operations of the Regulation

The Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020 ('Regulations') amends the *Patents Regulations 1991* ('Patents Regulations') in line with the provisions of the Patents Act as amended by Schedules 1, 2, 4 and 8 to the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020* ('the Act').

The various Parts in Schedule 1 to the Regulations amend the Patents Regulations as follows:

Part 1 – Innovation patents

- makes amendments to the Patents Regulations to commence the abolishing of the innovation patent system.

Part 2 – Crown use

- makes consequential amendments to the Patents Regulations as a result of the Act amending the provisions in the Patents Act for Crown use.

Part 3 – Compulsory licences

- makes consequential amendments to the Patents Regulations as a result of the Act amending the provisions in the Patents Act for compulsory licensing.

Part 4 – Translations

- removes a requirement to file a certificate of verification for translated documents for patent applications filed under section 10 of the Patents Act.

Part 5 – Application, transitional and savings provisions

- provides how the amendments made by the other Parts in the Schedule apply.

Details of the Regulations are set out in the [Attachment](#).

Consultation undertaken on Regulations

The general public, businesses, patents representatives and legal practitioners were consulted on an exposure draft of the Regulations from 16 November 2018 to 21 December 2018. Six non-confidential submissions were received. No substantive comments were received on the amendments in the Regulations, but submitters discussed the overall policy intent of changes proposed to be made by the Act.

No Regulation Impact Statement required for the Regulations

The Office of Best Practice Regulation ('OBPR') has advised that it does not require a Regulation Impact Statement for any of the measures in the Regulation. The measures in Schedule 1 are exempt as they are of a minor or machinery nature (OBPR reference numbers 23107, 22481, 23560 and 23561).

Anticipated authority

Some amendments made by Parts 1 and 4 of Schedule 1 to the Regulations depend on amendments to the Patents Act that do not commence until some months after the registration of the Regulations on the Federal Register of Legislation. That is, the following amendments rely on section 4 of the *Acts Interpretation Act 1901* ("Interpretation Act"):

- Part 1 of Schedule 1 to the Regulations depends on an amendment that will be made to the Patents Act by Part 2 of Schedule 1 to the Act: with effect 18 months after the Act receives the Royal Assent.
- Part 4 of Schedule 1 to the Regulations depends on the amendment that will be made to the Patents Act by Schedule 8 to the Act: with effect 6 months after the Act receives the Royal Assent.

Commencement of the Regulations

The commencement arrangements for each of the Parts of Schedule 1 are set out in the commencement table at section 2 of the Regulations.

As noted above, some amendments made by Parts 1 and 4 of Schedule 1 to the Regulations depend on amendments made by parts of the Act that do not commence until some months after the registration of the Regulations on the Federal Register of Legislation. Accordingly, for consistency with subsection 4(5) of the Interpretation Act:

- Part 1 of Schedule 1 to the Regulations commences immediately after Part 2 of Schedule 1 to the Act (26 August 2021).
- Part 4 of Schedule 1 to the Regulations commences immediately after Schedule 8 to the Act (26 August 2020).

These delayed commencements give users of the IP system enough time to consider how the changes will affect their applications, and to plan what they must do (e.g. filing any innovation patent applications they require, while it is still possible to do so).

The changes made by Parts 2, 3, and 5 of Schedule 1 to the Regulations do not require any prior planning by users of the IP system (and do not need prior notice of the start date of these changes). These changes commence on the day after the registration of the Regulations on the Federal Register of Legislation.

ATTACHMENT

Details of the Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020

Section 1 – Name

This section identifies the instrument as the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020*.

Section 2 – Commencement

This section provides that the commencement of several Parts in Schedule 1 to the Regulations is tied to the commencement of divisions of the Act that deal with the same subject matter.

Part 2 of Schedule 1 to the Act, relating to innovation patents, commences the day after the end of the period of 18 months beginning on the day the Act receives the Royal Assent. Accordingly, Part 1 of Schedule 1 to the Regulations will commence immediately after Part 2 of Schedule 1 to the Act (26 August 2021).

Schedule 8 to the Act, relating to certificates of verification for patent documents, commences the day after the end of the period of 6 months beginning on the day the Act receives the Royal Assent. Accordingly, Part 4 of Schedule 1 to the Regulations will commence immediately after Schedule 8 to the Act (26 August 2020).

The remaining provisions in Schedule 1 to the Regulations commence the day after the Regulations are registered on the Federal Register of Legislation. These provisions are in:

- Part 2, relating to the Crown use of patents;
- Part 3, relating to compulsory licensing of patents;
- Part 5, relating to application, transitional and savings provisions.

Section 3 – Authority

This section provides that the instrument is made under the *Patents Act 1990*.

Section 4 – Schedules

This section provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1 – Amendments

Part 1 – Innovation Patents

This Part makes consequential amendments to the Patents Regulations as a result of changes to the innovation patent provisions of the Patents Act made by Part 2 of Schedule 1 to the Act. It prescribes new formality requirements for complete applications for the grant of innovation patents ('innovation patent applications'). These new requirements will assist in abolishing the innovation patent system, without affecting existing rights.

Patents Regulations 1991

Item 1: Subregulation 3.2B(1)

Regulation 3.2B prescribes the details and procedures for the formalities check of innovation patent applications. Subregulation 3.2B(1) sets out the criteria that these applications must meet in order to pass the formalities check. This item adds new paragraphs 3.2B(1)(i), (j), and (k), as a result of the insertion of new subsection 52(3) into the Patents Act (see item 4 of Part 2 of Schedule 1 to the Act).

New paragraph 3.2B(1)(i) provides that if an innovation patent application was made as a result of the conversion of a standard patent application, then the request to convert the patent application must have been filed on a day that is before the day the term of the innovation patent, if granted, would have expired.¹

New paragraph 3.2B(1)(j) provides that if the application is a divisional application under section 79B of the Patents Act, then the divisional application must have been filed on a day that is before the day the term of the innovation patent, if granted, would have expired.

The purpose of these new provisions is to minimise public confusion. In light of the decision of the Full Court of the Federal Court in *Coretell Pty Ltd v Australian Mud Company Pty Ltd*², there is no right to relief for any infringement before the date of grant of an innovation patent. Nevertheless, the term of any innovation patent is reckoned from the date of filing of its complete specification or an earlier date.³ In the cases prevented by the amendments, the possible term of the notional innovation patent could have expired some years before the date of any grant.

Granting an innovation patent after its possible term has expired could only cause confusion in the marketplace. This is because competitors of the patentee might mistakenly assume that the patentee could recover for infringement of the exclusive rights to exploit the invention before the date of grant. The grant would also be fruitless, since it would not give the notional patentee any right to such relief.

New paragraph 3.2B(1)(k) provides that the innovation patent application must meet the requirement specified in new subsection 52(3) of the Patents Act, inserted by item 4 of Part 2 of Schedule 1 to the Act. (refer to Note 1, discussed below).

¹ The request for conversion is a request to the Commissioner of Patents under subsection 104(1) of the Patents Act for leave to amend the patent request to convert the application from an application for a standard patent to an application for an innovation patent. Note that subsection 102(2D) of the Patents Act and regulation 10.2B of the Patents Regulations govern whether the Commissioner can allow such a request. Item 3 in this Part will also amend regulation 10.2B.

² [2017] FCAFC 54

³ *Patents Act 1990* ss 65, 68; *Patents Regulations 1991* reg 6.3

This item also inserts two explanatory notes:

Note 1 indicates that subsection 52(3) of the Act provides that it is a requirement of the formalities check that the date of the patent (if granted) would be a date before the day that subsection commences. Subsection 52(3) was inserted by the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020*.

Note 2 directs the reader to refer to section 65 of the Patents Act and subregulation 6.3 to determine the meaning of ‘date of the patent’.

Item 2: Subregulation 3.2B(2)

This item omits the words “or (h)” from subregulation 3.2B(2) and substitutes a reference to paragraph 3.2B(1)(h) or (k). This amendment is consequential to the amendment made by item 1.

Item 3: Regulation 10.2B

This item inserts new subregulation 10.2B(8), which provides that an amendment that would convert a standard patent application to an innovation patent application is not allowable if the date of the patent for that innovation patent (if granted) would be on or after the commencement date of this regulation.

Part 2 of Schedule 1 to the Act includes amendments to commence the abolishing of the innovation patent by preventing the filing of new applications for innovation patents that would have a date of patent on or after the commencement of that Schedule. This item ensures that this prohibition cannot be circumvented by filing an application for a standard patent after the commencement date, and subsequently converting the application for a standard patent to an application for an innovation patent.

Item 4: Paragraph 22.11(4)

This item inserts new paragraphs 22.11(4)(aa) and (ab) to prescribe actions that will not be eligible for an extension of time under section 223 of the Patents Act. It complements the amendment that item 1 makes, by helping to minimise public confusion from the granting of innovation patents after their possible terms have expired.

New paragraph 22.11(4)(aa) provides that an extension of time will not be available for the filing of a request for an amendment to convert an application from a standard patent to an innovation patent on a day that is on or after the term of the innovation patent, if granted, would have expired.

New paragraph 22.11(4)(ab) provides that an extension of time will not be available for the filing of a divisional application under section 79B of the Patents Act for an innovation patent on a day that is on or after the term of the innovation patent, if granted, would have expired.

This means that if a person attempts to convert a standard patent application to an innovation patent application (by filing a request to amend the patent request), and the conversion request is filed after the date the possible term of the innovation patent would have expired (and hence the innovation patent would fail the new formality check under new paragraph 3.2B(1)(i) inserted by item 1), the fact that the conversion request was made after that date and the failure to pass the formalities check cannot be rectified by an extension of time under section 223 of the Patents Act.

Similarly, if a person attempts to file a divisional innovation patent, and the divisional application is filed after the date the possible term of the innovation patent would have expired (and hence the innovation patent would fail the new formality check under new paragraph 3.2B(1)(j) inserted by item 1), the fact that the divisional application was filed after that date and the failure to pass the formalities check cannot be rectified by an extension of time under section 223 of the Patents Act.

Part 2 – Crown use

This Part makes consequential amendments to the Patents Regulations as a result of changes to the Crown use provisions in Part 2 of Chapter 17 of the Patents Act made by Schedule 2 to the Act.

Patents Regulations 1991

Item 5: Regulation 3.25E (heading)

This item repeals the heading ‘Grant of certification—exploitation for purposes of Commonwealth or a State’ at regulation 3.25E of the Patents Regulations and replaces it with the heading ‘Grant of certification—exploitation for Crown purposes’. This amendment is consequential to the introduction of new section 160A of the Patents Act by item 5 of Schedule 2 to the Act

Item 6: Paragraph 3.25E(a)

This item repeals and substitutes paragraph 3.25E(a) to reflect the change of terminology from ‘Commonwealth or a State’ to ‘relevant authority’ in new section 160A of the Patents Act inserted by item 5 of Schedule 2 to the Act.

Item 7: Regulation 17.1

This item repeals regulation 17.1, which is no longer required as result of the repeal of section 169 of the Patents Act by item 21 of Part 1 of Schedule 2 to the Act.

Part 3 – Compulsory licences

This Part makes consequential amendments to the Patent Regulations as a result of changes to the compulsory licensing provisions in Part 2 of Chapter 12 of the Patents Act made by Schedule 4 to the Act.

Patents Regulations 1991

Item 8: Paragraph 3.25D(a)

This item amends paragraph 3.25D(a) to replace the term ‘to work’ with the term ‘to exploit’. This is a consequential amendment following the replacement of the term ‘to work’ with the term ‘to exploit’ in section 133(1) of the Patents Act by item 4 of Schedule 4 to the Act.

Item 9: Subparagraph 12.1(2)(a)(iv)

This item repeals and substitutes subparagraph 12.1(2)(a)(iv) to reflect changes made to section 133 of the Patents Act by item 6 of Schedule 4 to the Act. These include changes to the ground for seeking a compulsory licence in paragraph 133(2)(a) of the Patents Act, including the repeal of the requirement that the ‘reasonable requirements of the public with respect to the invention’ must be satisfied.

Accordingly, substitute subparagraph 12.1(2)(a)(iv) will require an application for a compulsory licence on the ground set out in paragraph 133(2)(a) of the Patents Act to include facts supporting the making of the order, having regard to the matters mentioned in paragraphs 133(3)(a), (b) and (e) of the Patents Act.

Part 4—Translations

This Part amends the Patents Regulations to remove the requirement for patent applicants to provide a certificate of verification when they file a document translated into English under section 10 of the Patents Act. This will remove an unnecessary administrative burden for applicants.

Patents Regulations 1991

Item 10: Regulation 1.7

Item 10 repeals regulation 1.7 to remove the requirement for an applicant to provide a certificate of verification for translated patent documents under section 10 of the Patents Act.

Regulation 1.7 is no longer required as a result of the repeal and substitution of subsection 10(2) of the Patents Act by item 1 of Schedule 8 to the Act. Substitute subsection 10(2) replaces the requirement for applicants to file a certificate of verification for translated documents with a requirement that a certificate only needs to be filed if it is required by the regulations.

Part 5 – Application, transitional and savings provisions

This Part amends Chapter 23 of the Patent Regulations to provide how the amendments made by Parts 2-4 of Schedule 1 to the Regulations are to apply.

Patents Regulations 1991

Item 11: In the appropriate position in Chapter 23

This item inserts new regulation 23.51 to provide how the amendments made by Parts 2-4 of Schedule 1 to the Regulations are to apply.

Application of Part 2 of Schedule 1 – Crown use

Subregulation 23.51(1) provides that the amendments made to regulation 3.25E will apply to requests for a grant of certification made after commencement of Part 2 of Schedule 1 to the Regulations.

Subregulation 23.51(2) provides that the repeal of regulation 17.1 will not apply to applications for a declaration that an innovation patent has been exploited by the Crown made before the commencement of Part 2 of Schedule 1 to the Regulations.

Application of Schedule 1 Part 3 – Compulsory licences

Subregulation 23.51(3) provides that the amendment of regulation 3.25D will apply to orders made after the commencement of Part 3 of Schedule 1 to the Regulations.

Subregulation 23.51(4) provides that the amendment of regulation 12.1 will apply in relation to applications for orders for compulsory licences made after the commencement of Part 3 of Schedule 1 to the Regulations.

Application of Schedule 1 Part 4 - Translations

Subregulation 23.51(5) provides that the repeal of Regulation 1.7 will apply to translations filed after the commencement of Part 4 of Schedule 1 to the Regulations.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020

This Disallowable Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Disallowable Legislative Instrument

The Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Regulations 2020 ('Regulations') makes amendments to the *Patents Regulations 1990* ('Patents Regulations') to implement measures contained in the *Intellectual Property Laws Amendment (Productivity Commission Response Part 2 and Other Measures) Act 2020* ('the Act').

Part 1 of Schedule 1 to the Regulations gives effect to the government's response to the Productivity Commission's public inquiry into Australia's IP system⁴ by commencing the abolishing of the innovation patent system. These amendments will prevent the filing of new innovation patent applications.

Parts 2 to 5 of Schedule 1 to the Regulations implement a number of measures to streamline and align the administration of the IP system, and implement a number of other IP law measures which are as follows:

- Part 2 amends the Crown use provisions of the Patents Regulations to reflect changes in terminology made by the Act.
- Part 3 amends the compulsory licensing provisions of the Patents Regulations to reflect changes made by the Act to the matters which must be satisfied in order to be granted a compulsory licence.
- Part 4 repeals a provision requiring an applicant to file a certificate of verification for translated patent documents which is no longer required as a result of changes made by the Act.
- Part 5 provides application, transitional and savings provisions.

Human rights implications

The Disallowable Legislative Instrument does not engage any human rights issues.

Conclusion

The Disallowable Legislative Instrument is compatible with human rights because it does not raise any human rights issues.

The Hon Karen Andrews MP, Minister for Industry, Science and Technology

⁴ Australian Government Response to the Productivity Commission Inquiry into Intellectual Property Arrangements, August 2017, accessible at <https://www.industry.gov.au/innovation/Intellectual-Property/Pages/default.aspx>