

# FILING A PATENT APPLICATION IN AUSTRALIA

## What is a patent?

A patent is a monopoly that is granted to a person who makes a new invention in the useful arts. A patent monopoly gives the patent owner the right to exclude other persons from exploiting the invention in the country in which the patent is registered, say Australia, for the term of the patent. An Australian patent has a limited term of 20 years from the date of filing a complete patent application and after that the invention is free to be exploited by the public.

The fundamental principle on which the patent system is built is that the inventor obtains a short term monopoly in return for making their invention available for the public to use and exploit after the patent has expired. The short term monopoly is obtained in return for teaching the public how to carry out the invention so that they can use it properly once the patent has expired.

The policy behind the existence of the patent system is that the short term monopoly granted by the patent system encourages and rewards investment in innovation and research and development (R&D). This then results in products and services being made available to the public that otherwise would not have been developed.

A good example of the importance of the patent system is the pharmaceutical industry. Pharmaceutical companies make significant investments in research and development to develop new and useful drugs for mankind. The patent system enables them to get a return on this investment over the term of the patent, namely 20 years. Without the 20 year monopoly there would not be sufficient incentive in the form of financial returns for companies to invest large sums of risk capital in R&D.

After the patent has expired, the patented drug can be exploited by all pharmaceutical companies including generic manufacturers, and this in turn leads to price competition in the marketplace.

## The benefits of patent protection

The benefits of patent protection are that a patent secures for the patent owner a monopoly right to exploit the invention in the patent area for a term of 20 years.

The monopoly right helps to give the patent owner pricing power on the sale of their patented goods or services because other traders cannot compete with them by selling goods that infringe on the territory covered by the patent.

Further, a patent right confers a property right on a person who develops a new and useful invention. This enables them to license the property right to third parties. It also enables them to assign the property right to third parties. Thus it effectively converts an intangible idea into a piece of personal property that can be licensed and transferred to third parties.

Finally, the existence of a patent is recorded on a public register that can be accessed by third parties. The patent specification is also open to public inspection by third parties. Consequently the existence and scope of patent rights is published and made apparent to third parties and provided that a patented product is marked with the patent number there is a presumption that third parties have notice of the existence of the patent. This arguably makes patents easier to assert than unregistered rights such as copyright and confidential information.

## Requirements for valid patent protection

The three primary requirements that an invention must meet for it to be patentable are:

- The subject matter of the invention must be patentable;
- The invention must have novelty; and
- The invention must involve an inventive step.

We discuss each of these requirements of patentability in turn below.

### Patentable Subject Matter

Australian patent law provides a broad range of patentable subject matter and is not fettered by a closed list of technical categories, with each item on the list being of limited scope.

Instead the scope of patentable subject matter is defined broadly by the Courts as any artificially induced environment (that is an environment that is altered as a result of human intervention) in the area of economic endeavour. It does not have to be a physical tangible product.

As a result many diverse areas of technical innovation have been successfully argued to constitute patentable subject matter in Australia. Further, as new technologies evolve the law in Australia has the potential to adapt to include these new areas as patentable subject matter.

Examples of patentable subject matter in Australia include:

- Methods of medical treatment of the human body;
- Computer software;
- Business methods;
- Methods of manufacture of goods; and
- Methods of treating agricultural crops.

In a leading Australian case on patentable subject matter the High Court of Australia held that a method of treating an agricultural crop with a certain chemical to selectively remove certain weeds from the crop area was patentable. The key was that the invention resulted in an artificial environment produced by human intervention (the weed free area of land to which the chemical was applied) and the invention was undoubtedly in the area of economic endeavour because it increased crop yield.

## Novelty

For an invention to be novel, it must not have been:

- (a) published in a document form anywhere in the world before the priority date; or
- (b) publicly exploited, used or demonstrated anywhere in the world before the priority date.

This means that any disclosure of an invention in any form, whether by human acts such as words or demonstration, by documentary publication or by commercial sale, anywhere in the world, will destroy the novelty of the invention.

Thus the disclosure of an invention anywhere in the world before the first filing date of a patent application can destroy the novelty of the patent application in Australia. This standard of novelty is frequently referred to as absolute novelty.

Please note a single disclosure of an invention to one or more persons, where the person receiving the information is not under any obligation or fetter of confidentiality, can qualify as a novelty destroying disclosure of an invention.

### Novelty searches

Novelty searches can be conducted to assess the novelty of an invention.

Typically, international patent databases and international literature databases are searched to assess the novelty of an invention prior to filing an application. It is important to recognize that it is not possible to conduct an exhaustive novelty search of all published documents. Therefore any novelty search no matter how extensive cannot provide a conclusive determination of the novelty of an invention. Rather it can only provide a likely indication of the novelty of an invention and this has to be borne in mind by patent applicants.

We strongly recommend that applicants filing provisional patent applications have an international type novelty search conducted while their provisional patent application is still pending and before the application is completed.

One advantage of conducting a search early in the process is that filing a patent application which is clearly invalid can be avoided. Further the claims of a subsequent complete application can be drafted with the relevant prior art in mind, increasing the likelihood that the main claims of the complete specification will focus on the key novel features of the invention that distinguish the invention over the prior art.

We can conduct an international novelty search through the patent searching database to which we subscribe to get an idea of the novelty of an invention either before any patent application is filed or after a provisional application has been filed. We recommend allowing a budget of about A\$1500-2000 for a useful initial investigation of novelty.

The Australian Patent Office provides a relatively inexpensive international novelty search called an Article 15 international novelty search, for inventions disclosed in provisional patent applications filed at the Australian Patent Office. The cost of requesting a Patent Office novelty search will be about A\$2000.

### **Inventive step**

Inventions are assessed for inventive step against the backdrop of the common general knowledge in the art to which the invention relates. Common general knowledge can be described as the day to day knowledge or mental furniture carried about by the notional skilled worker in that field and exercised by him in the course of his day to day activities. This information might typically include information contained in standard text books, information in operating manuals, and information in Australian Standards, building codes and the like.

Inventions are tested against the common general knowledge in the art combined with prior art documents that would be able to be located by a worker in the field to which the invention relates (so called ascertainable prior art documents).

An invention involves an inventive step, if it would not have been obvious to a skilled person having common general knowledge in the art when provided with citations in the field that would be locatable by them.

If an invention would immediately suggest itself to such a skilled person, it is probably obvious and does not meet the requirement of disclosing an inventive step.

A patent can be granted for a scintilla (or spark) of an invention. That is simplicity does not exclude an invention from patentability provided that there is some inventive spark. At the same time the Courts have also said that the law does not grant a monopoly right for a mere peppercorn consideration. There must be an invention (that is some real invention) to justify the monopoly given to the Applicant.

### **Who should consider filing patent applications?**

A person or company that makes an improvement or advance in any area of the useful arts should consider filing a patent application for their invention.

The filing of a provisional patent application vests the applicant's rights to claim protection for their invention and enables them to make the invention public and exploit it without prejudicing their rights to pursue patents both in Australia and overseas for their invention.

A patent application when prosecuted through to patent grant confers on the owner of the invention an exclusive right to exploit the patented invention in the country in which the patent is granted, e.g. in Australia, for a limited period of about 20 years subsequent to the filing of the application. Patents can also be granted in overseas countries for inventions made in Australia. However as a general rule they need to be separately applied for in each country in which protection is required.

A granted patent can be used to confer exclusivity on the patent owner in a competitive market-place.

A granted patent creates an intellectual property right that can be used as the basis for licensing the invention or which can be sold.

## The process of applying for and obtaining a patent

### A provisional application

An Australian patent application is usually initiated by filing a provisional application. A provisional patent application vests an Applicant's right to obtain patent protection but does not confer an enforceable patent right. An enforceable patent right only comes into existence when a complete patent application issues as a patent.

The provisional specification accompanying a provisional patent application is a very important document in the patenting process as it establishes the basis for the later claims of the issued patent. The provisional specification must reasonably foreshadow the invention ultimately claimed in the issued patent for it to effectively perform its function. We strongly recommend that a provisional specification is prepared by an experienced registered patent attorney.

A provisional application enables an Applicant to disclose their invention to third parties to demonstrate and test the invention in public and also to enable the Applicant to assess the commercial potential of an invention. An applicant can also make and sell their product after a provisional patent application has been filed.

Ideally, an inventor should keep their invention strictly secret and make no disclosure of the invention before a provisional patent application has been filed covering the invention.

If limited confidential disclosure prior to filing a provisional patent application is unavoidable, a confidentiality agreement, preferably in writing, should be obtained from the person to whom the invention will be disclosed. We can assist clients with the preparation of a suitable confidentiality or non-disclosure agreement if this is required.

However, we strongly recommend that a provisional patent application be filed before there is any disclosure of the invention if this is possible.

If a public disclosure of an invention has been made before a provisional patent application has been filed then the disclosure may (depending on the circumstances and

the time limits) be excused by the Australian Patents Act depending on the circumstances in which it took place and the time at which it occurred. For example the Australian Patents Act provides a grace period for 12 months prior to the filing of a complete patent application in respect of disclosures by the Applicant. The Australian Patents Act also provides very limited exceptions for disclosures carried out for the purposes of reasonable technical trial and experiment.

While there is a limited grace period in Australia, many overseas countries do not have grace periods like those available in Australian patent law. Therefore it is strongly recommended that a provisional patent application be placed on file before there is any disclosure of an invention whatsoever.

We strongly recommend that the grace period should only be relied upon as a last resort where no other options are available. Any potential applicant wishing to avail themselves of the grace period should obtain a professional opinion from a patent attorney on the consequences of a given disclosure before they make the disclosure. This will ensure that they are fully advised on the consequences of making any given disclosure before it takes place.

If an applicant for a provisional patent application makes any developments and improvements to an invention after filing a patent application they should consider the patentability of these developments and improvements before placing these disclosures in the public domain. Specifically we recommend that an Applicant seeks professional advice from a patent attorney on the necessity of filing of a further provisional patent application to cover the developments and improvements before the developments and improvements are disclosed.

One way to protect developments and improvements is to file a further provisional application incorporating the developments and improvements and then to cognate the disclosures in the two provisional patent applications on completion.

### A complete patent application

A complete patent application filed in Australia can be commenced by means of an Australian designation of an international (PCT) patent application (PCT patent applications are discussed in more detail in our separate brochure on Overseas Patent Applications). This vests the rights to the application in Australia during the 19 month period of international phase and then the application needs to enter national phase in Australia.

Alternatively a complete patent application may be filed directly at the Australian Patent Office within 12 months of filing the provisional application.

The complete patent application will typically claim priority from an earlier provisional patent application and will attract the date of filing of the provisional patent application as its notional priority date.

The complete specification must contain a full description of the invention and must also make full disclosure of the best method of performing the invention at the time of filing the complete application. In particular the complete specification must also include details of all developments and improvements made to the invention since the filing of the provisional application.

The complete specification must end with a set of claims, defining in clear terms, the monopoly sought by the applicant. The claims are analogous in many respects to a mining claim in which the patent applicant pegs out the area that they wish to monopolise with their patent application. The scope of the patent can be defined generically to cover the broad concept of the invention and to protect a much broader area than the actual embodiment being commercialized by the patent applicant.

A complete patent application must disclose the names of all inventors contributing to an invention and must set out how the Applicant has acquired entitlement to the invention from the inventors of the invention.

The complete application must also be accompanied by an abstract setting out a summary of the technical disclosure within the application. This is published primarily for use as a search tool.

### Publication

A patent specification of a standard patent application becomes open to public inspection eighteen months after its earliest priority date and an abstract of the patent application is published in the Official Journal of Patents.

This publication places the contents of a patent application firmly and decisively in the public domain.

### Examination of a Standard Patent Application

The Patent Office issues a Direction to Request Examination, typically about two to three years after filing a standard patent application. A Direction to Request Examination sets a six month time limit within which the applicant must file a Request for Examination.

To progress a patent application to the examination stage an applicant must make a formal request for examination and pay an examination fee. The application will then be substantively examined by the Patent Office. During examination, the Office conducts a novelty search to assess the novelty and inventiveness of the invention. The Office also conducts a thorough review of the preparation of the patent specification to see whether it meets the requirements set out in the Patents Act.

The Patent Office considers the merits of the application and raises any objections to the application in a first report. The objections can range from relatively minor formalities objections to more substantive novelty and inventive step objections.

An Applicant has an opportunity to address any objections to the application, be it novelty or inventive step objections or objections to the specification, in a written response which is lodged at the Patent Office. The response can include written submissions or arguments contesting the objections and/or proposed amendments to the complete specification to overcome the objections.

In the event that the Office has no objections to the application, the application will be accepted for patent grant.

### **Acceptance of a Standard Patent Application**

When an application is accepted, it is advertised for opposition in the Official Journal of Patents. This gives any third party an opportunity to oppose the patent application on its merits. Typical grounds of opposition are lack of novelty or inventive step. If the application is not opposed, it will proceed to grant.

The entire procedure, from filing an initial provisional application to grant of the patent, typically takes about four to five years. It should be borne in mind that the process can be expedited by requesting examination at the time of filing the application and responding promptly to an examiner's report. The Applicant therefore has some ability to control the time frame within which an application progresses through prosecution to patent grant.

For example, prosecution can be accelerated considerably to enable action to be taken against infringers or simply to obtain an enforceable property right as soon as possible. Correspondingly the prosecution can be drawn out by an Applicant wanting to spread the cost of patent prosecution over a longer period.

### **Maintenance of a granted patent for the life of the patent**

When the patent has been granted it needs to be maintained by the payment of prescribed renewal fees.

For standard patent applications the first annuity is payable on or before the fifth anniversary of the filing of the patent applications and subsequent annuities are payable annually thereafter until the patent expires. The cost of the renewal fees increases gradually over the life of the patent.

The Patent Office does not police the due dates for renewal fees for patent applicants and patentees. Therefore it is important for applicants and patentees to police the due dates for payments of these fees.

### **Filing patent applications in overseas countries outside Australia**

Patents are generally granted on a national basis. There is no such thing as a worldwide patent.

An Australian provisional patent application establishes a priority date for later applications filed in most of the industrialized countries of the world, e.g. USA, Japan and Europe.

However, whilst an Australian provisional patent application establishes a priority right, if actual patent protection is required in foreign countries, it is necessary for separate applications to be filed in these countries within 12 months of the filing the provisional patent application.

This may be accomplished by filing separate overseas applications in each of the countries of interest within 12 months of filing the provisional application. It may also be accomplished by filing an international patent application (PCT application) within 12 months of filing the provisional application.

For further information on overseas patent applications please refer to our brochure "Filing Overseas Patent Applications".

### **Notes for owners of patented products**

A patent confers an absolute monopoly on the owner of the patent right in the exploitation of the patented subject matter for the term of the patent (usually 20 years from the date of filing).

The monopoly right is defined as the right to exclude others from making, using, keeping, importing, and selling or hiring of the patented invention. The scope of the patent is defined with reference to the patent claims at the end of the patent specification. The wording of the claims is given primarily its ordinary literal meaning and is interpreted like any other written document.

The ability of a patent owner to enforce a patent is not dependent on the use and exploitation of the patent by or through the patent owner. However, if a patent owner does not exploit their invention within a certain time after patent grant they are technically exposed to an application for a grant of a compulsory licence by a third party. However, historically not many compulsory licences have been granted.

An owner of a patented product should mark their product as follows:

AUSTRALIAN PATENT NO. 575603

An owner of a pending patent application should also preferably mark their product as follows:

AUSTRALIAN PATENT APPLICATION NO. 2006234567

The marking of patented products in this fashion is highly desirable because it places the public on notice as to the existence of a patent application/patent.

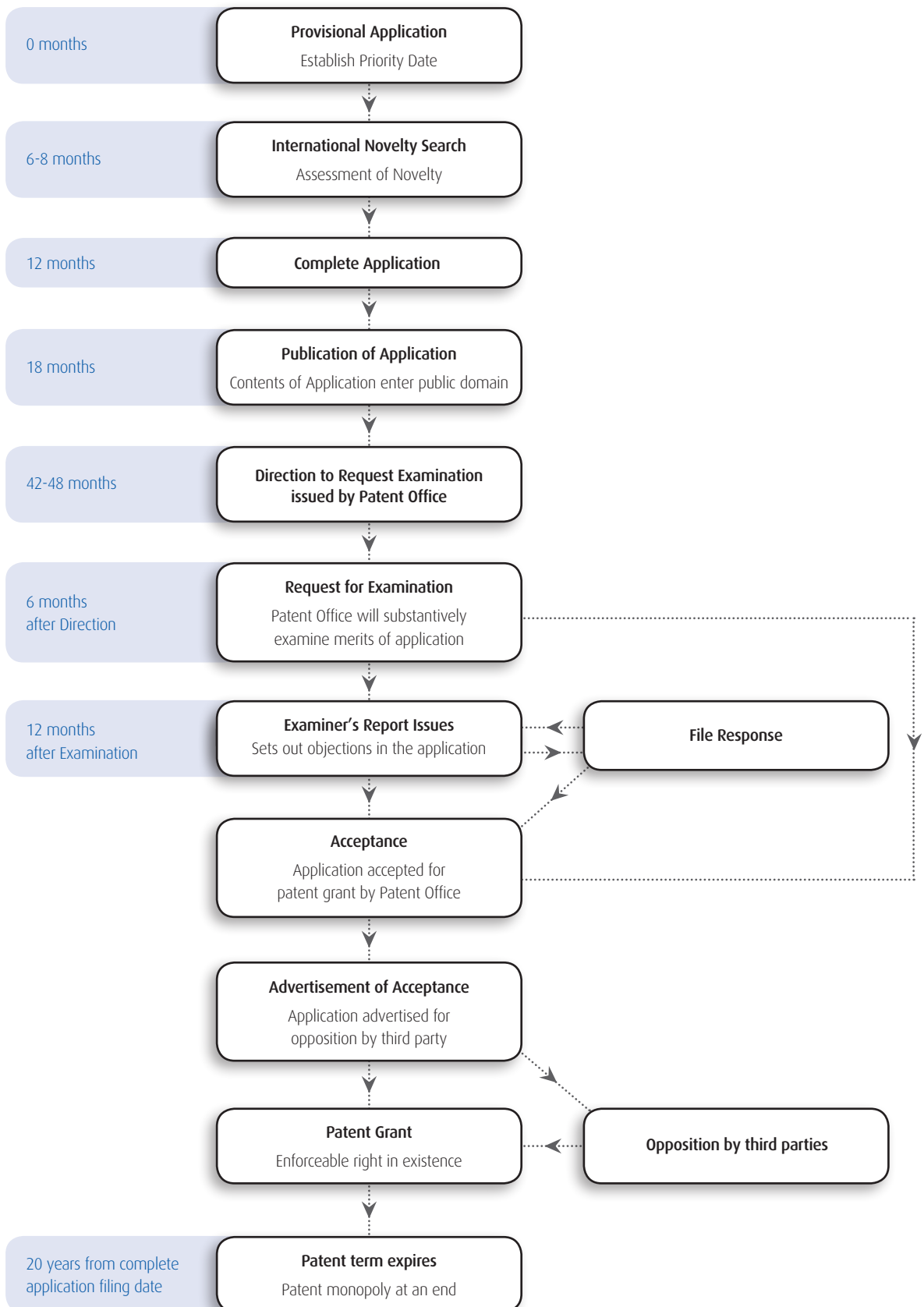
The Notice should be accompanied by the actual patent or application number. The marking of a product creates a presumption that third parties are aware of the patent rights. This is important in a claim for damages or an account of profits because it creates a presumption that the infringer had notice of the patent and is not an innocent infringer.

### **Exploitation of products in Australia and freedom to operate investigations**

A person or company planning to launch a product into the market place in Australia should consider and assess the risks that they might be infringing a patent or a design owned by a third party before they introduce their product.

A patent infringement or clearance search can be conducted to ascertain whether or not the manufacture and/or sale of a new product or service may possibly infringe a subsisting Australian patent. This will involve a search through the relevant subject matter classes of the Australian Patent Office records. We can assist with patent infringement searches through our association with a well known patent searching service. We recommend that a subject matter patent infringement search be conducted before any major commitments are made to launch a new product into the Australian marketplace.

## AUSTRALIAN PATENT APPLICATION (STANDARD)





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ABN 63 765 432 968

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