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**BY FAX & EMAIL - CONFIRMATION BY MAIL**

**No. of Pages 4      Your Fax No. 001 61 2 6283 7999      Our Fax No. (65) 6227 3898**

Dear Les

Re: IP Australia Consultation Paper  
Entitled "**Flexible search and examination**" – August 2009

On behalf of this association I make these submissions in relation to the consultation paper. In doing so I advise that this association has over 90 members yet is only about seven years old – the same age as the patent profession in Singapore. Our Ordinary Members are all registered as patent agents in Singapore and would handle almost all of the patent applications filed in Singapore. The major firms have a range of qualified patent attorneys who are also qualified in USA, Australia, New Zealand, United Kingdom, Germany and Europe.

**Summary**

Only rigorous local search and examination will enable applicants to obtain granted patents that are as valid as is reasonably obtainable within the practical limits of the prosecution system. Reliance on foreign grant will, in general, result in granted patents that have a higher likelihood of invalidity due to, for example, breach of Section 40 requirements. Local examination using the search report on a corresponding application in a defined list of countries is by far the better option.

**Commentary**

***Existing Agreements***

Over recent years there have been many treaties and agreements between the patent offices of various countries relating to co-operation between them in the prosecution of patent applications. They cover co-operation regarding searches, examination and search and examination. However, they generally ignore that the patent laws of countries vary quite considerably.

Examples of such treaties and agreements are the Patent Prosecution Highway agreements between the USPTO, EPO and JPO; the USPTO and IPOS; USPTO and the UK patent office; USPTO and IP Australia; the ASEAN patent co-operation agreement; and so forth. These are all relatively recent and time has not been allowed to be able to assess their impact on patent prosecution backlogs, and patent validity. Before proceeding further with such co-operation

either by a bi-lateral agreement or unilateral action, time should be allowed to assess the impact of the existing systems on both prosecution delays, and patent validity.

Most of the existing agreements do not allow an automatic allowance, but relate more to the examiner taking note of what has happened with the corresponding foreign application(s) to reduce examiner workload and to save unnecessary duplication in work.

For example, a local client first filed in UK and received grant of the UK patent before the due date for national phase entry. A certified copy of the granted UK patent has been filed in USA in reliance on the PPH agreement to expedite the examination of the US application. No reaction has been received from the USPTO.

We have been informed that is the success rate of oppositions to applications accepted after modified examination vs. those accepted after substantive examination are essentially the same. No doubt this is due to the substantive examination that modified examination cases still experience. If they are not subjected to substantive examination we believe the invalidity rate will substantially increase.

### ***Discrimination***

Also, the proposal discriminates against Australian applicants. Most Australian applicants start with a provisional application, then an International patent application claiming the priority of the provisional application, and enter the national and regional phase after the prosecution of the international application. Most foreign jurisdictions place the national/regional phase application in the queue for search and/or examination based on the national/regional phase due date. Therefore, it is highly likely that the Australian national application will be entering the examination stage before the corresponding applications in other countries have been approved. So Australian applicants will most likely have to request substantive examination. US applicants, on the other hand, most often file an application in USA either initially or in parallel with the PCT application. As such they are at least 18 months ahead of Australian applicants in having their US applications approved. As such they are more able to use modified examination, and will be in a better position to use the proposed system.

Singapore applicants quite often first file as international applications. They then enter the national/regional phase. So they will be in the same disadvantaged position as Australian applicants.

### ***Specifications***

Many countries have laws that require a significant difference in the specification to those of Australia. For example, in Japan the claims are at the start of the specification, not the end. The regulations would have to be flexible enough to allow the format of the specification to be varied to suit Australian requirements.

### ***Subject Matter***

The EPC has exclusions from patentability that do not apply in Australia. USA has patentability laws that are different to Australia by allowing patents in areas generally not allowable in Australia. Similar comments can be made about many countries. There must be some form of local examination to address such issues particularly in software, business methods, biotechnology and methods of treatment.

### ***Confidence***

At present Australian applicants, and many applicants from Singapore, use the Australian patent office as the International Search Authority and the International Preliminary Examination Authority. The international patent application is prosecuted such that an International Preliminary Report on Patentability issues that is clear in all respects. Yet the national phase application must go through local search and examination. If IP Australia believes in the form of international co-operation suggested, if the IPRP is clear in all respects and was conducted by IP Australia, the national application should proceed to immediate acceptance. The requirement for a request for substantive examination is a prima facie indication that there is no confidence in the prosecution of international applications conducted

by their own office. So why should there be any confidence in the prosecution by other offices conducted under laws that are even more different to those of Australia?

### ***The Singapore Experience***

Singapore has been allowing grant based on the prosecution of corresponding applications in other countries since 1995. It was expanded in 2004. That expansion introduced many complexities that expose applicants to considerably risk of invalidity. Until the provisions are interpreted by the courts, there is considerable uncertainty for applicants. By the time the courts have ruled, there may be thousands of invalid patents. This is unacceptable.

Due to the complexities of the system, and the differences in laws and practices in various countries, it is not unusual for the cost of advice to clients addressing all the problems and issues to exceed the cost of the resultant work, and to introduce further delays.

The system has been modified many times to address difficulties and problems. It is now proposed to significantly reduce and restrict its impact and use. Why? To be able to have confidence in the validity of patents granted in Singapore.

The majority of Singapore applications relying on the prosecution of another application are either relying on the IPRP of the international application of which the Singapore application is the national phase or is the basic application; or on the grant of the corresponding application in USA. It is rare to be able to rely on the grant of the corresponding application in: AU, CA, EP, JP or KR, mainly due to the delays to grant in those countries.

The most commonly system used in Singapore is to have local examination using the search report of the corresponding overseas application from defined patent offices, or on the international search report. This system works well as it saves the examiner from conducting the search, but allows examination in accordance with local laws. This therefore takes into account any difference in laws such as, for example, that some prior art is citable in USA that is not citable in Australia or most other countries, variance in claim format, variance in "support"/fair basis laws, and the variance in application of the requirement for inventive step. But which searches are to be used? Not all patent offices conduct high quality searches. Just consider your own statistics (not available to us) of applications entering the national phase in Australia where the Australian examiner cites new and relevant prior art. Those searches may no longer be conducted, thus leading to inherent invalidity for those cases. For example an ISR almost always issues prior to publication and therefore cannot identify all whole of contents prior art. In other cases the original search is conducted for a very broad claim 1 such that many shortcuts are taken to reduce the number of hits to a manageable size. When the claims are narrowed the application would benefit from a narrower, more focused search. This seems to be how the PPH works. Because the claims in the first jurisdiction have been narrowed to the point that the patent is allowed or granted, the examiner in the second jurisdiction can do a narrower, more focused search thereby saving considerable time for the examiner.

Applicants appreciate the reduction in cost this introduces, and all parties benefit from the reduced workload on the examiner and thus the speedier handling of the application.

The only Singapore patent granted using the claims of a corresponding foreign patent that has been litigated was found invalid due to a difference in the invention disclosed and claimed. If local examination based on the search report of the corresponding application had been conducted no doubt the patent would have been held valid and infringed as the difference would have been easily discovered.

There must always be some form of examination to at least determine that the inventions are the same, and the claims are substantially the same. Plus there is always the possibility of post-acceptance amendments. Considerably confusion and doubt has been created in Singapore due to the use of "related claims" when relying on a patent granted on a corresponding application (international or national).

We strongly recommend that local examination always be conducted.

It is noted that under the Patent Prosecution Highway (USPTO/EPO/JPO) the USPTO averages 1.7 office actions to allowance but applications proceeding normally require on average 3.4 office actions to allowance. This information was given by Mr. Tim Callahan of the USPTO at the "Partnering in Patents XVI" jointly organized by the American Intellectual Property Law Association and the USPTO and held at the USPTO on Wednesday 14 October 2009. If the three most stringent patent offices in the world still examine cases allowed in either or both of the other two, we strongly submit that should continue to happen in Australia. Take note of what has happened in other jurisdictions, rely on searches conducted by **competent** searching offices, but still examine applications in accordance with Australian law.

### ***Applicant Desires***

Most applicants will emphasize that they want speedier processing, and lower costs. But all always want a reliable patent system that is pro patent. They want to be able to license, assign, use and litigate their patents with some confidence. If they lose confidence in a nation's patent system, they will withdraw from that country. Forever. The proposals run a high risk of applicants abandoning Australia. Some may also do so economically and withdraw from facilities in Australia due to the unreliable nature of the patent system. The Singapore government tries to attract such companies to Singapore. In light of the Singapore government's stated pro patent approach, IPOS is proposing to significantly restrict the use of the systems you are now considering adopting.

### ***Summary***

We believe that the Singapore experience should be taken into account as it is the only country that has tried the systems now proposed. Those systems are now being restricted in Singapore. For Australia to adopt such systems at this time will be contrary to the national interest.

Yours sincerely

A handwritten signature in black ink, appearing to read "K.C. Callinan", followed by a period.

Keith Callinan  
President

KC/jt