FEDERAL COURT OF AUSTRALIA

Miles v Commissioner of Patents [2013] FCA 1017

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| Citation: | Miles v Commissioner of Patents [2013] FCA 1017 |
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| Parties: | **SHANE ROBERT MILES v COMMISSIONER OF PATENTS** |
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| File number: | VID 332 of 2013 |
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| Judge: | **GORDON J** |
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| Date of judgment: | 8 October 2013 |
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| Catchwords: | **ADMINISTRATIVE LAW** – application for judicial review under s 39B of the *Judiciary Act 1903* (Cth) – review of Commissioner’s decision not to consider whether to issue a direction under s 107 of the *Patents Act 1990* (Cth) – review of Commissioner’s decision to refuse the Applicant’s patent application  |
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| Legislation: | *Acts Interpretation Act 1901* (Cth)*Federal Court of Australia Act 1976* (Cth)*Judiciary Act 1903* (Cth)*Patents Act 1952* (Cth)*Patents Act 1990* (Cth)*Federal Court Rules 2011* (Cth)*Patents Regulations 1991* (Cth) |
|  |  |
| Cases cited: | *Commissioner of Patents v Microcell Limited* (1959) 102 CLR 232*Esso Research and Engineering Co v Commissioner of Patents* (1960) 102 CLR 347*F Hoffman-La Roche AG v New England Biolabs Inc* (2000) 99 FCR 56 *Finance Facilities Pty Ltd v Federal Commissioner of Taxation* (1971) 127 CLR 106 *H Bion Inc v Commissioner of Patents* [2010] FCA 539*Imperial Chemicals Industries Pty Ltd v Commissioner of Patents* (2004) 63 IPR 476*Julius v Bishop of Oxford* (1880) 5 App Cas 214*Kamha v Australian Prudential Regulation Authority* (2007) 98 ALD 49*Lehtovaara v Acting Deputy Commissioner of Patents* (1981) 58 FLR 1*Minister for Immigration and Citizenship v Li* (2013) 87 ALJR 618*Minister for Immigration and Citizenship v SZIZO* (2009) 238 CLR 627*Project Blue Sky Inc v Australian Broadcasting Authority* (1998) 194 CLR 355*R v Thomas; Ex parte Sheldons Consolidated Pty Ltd* [1982] VR 617*Re Refugee Review Tribunal; Ex parte Aala* (2000) 204 CLR 82 *SAAP v Minister for Immigration and Multicultural and Indigenous Affairs* (2005) 228 CLR 294 *Samad v District Court of New South Wales* (2002) 209 CLR 140*Sinclair v Brown Coal Liquefaction (Victoria) Pty Ltd* [1992] 1 VR 190*The State at the Prosecution of Rajan v Minister for Industry and Commerce* [1988] FSR 9*Walsh v Permanent Trustee Australia Ltd* (1996) 21 ACSR 213Pearce DC and Geddes RS*, Statutory Interpretation in Australia* (7th ed, LexisNexis Butterworths, 2011)  |
|  |  |
| Date of hearing: | 24 September 2013 |
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| Date of last submissions: | 24 September 2013 |
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| Place: |  |
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| Division: | GENERAL DIVISION |
|  |  |
| Category: | Catchwords |
|  |  |
| Number of paragraphs: | 128 |
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| Counsel for the Applicant: | Mr C Fairfield and Mr AJ Evans |
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| Solicitor for the Respondent: | Australian Government Solicitor |

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| IN THE FEDERAL COURT OF AUSTRALIA |  |
| VICTORIA DISTRICT REGISTRY |  |
| GENERAL DIVISION | VID 332 of 2013 |

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| BETWEEN: | SHANE ROBERT MILESApplicant |
| AND: | COMMISSIONER OF PATENTSRespondent |

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| JUDGE: | GORDON J |
| DATE OF ORDER: | 8 October 2013 |
| WHERE MADE: | MELBOURNE |

THE COURT ORDERS THAT:

1. The proceeding is dismissed.
2. The Applicant pay the Respondent’s costs, such costs to be taxed unless agreed.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011* (Cth).

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| BETWEEN: | SHANE ROBERT MILESApplicant |
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| JUDGE: | GORDON J |
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| PLACE: | MELBOURNE |

**REASONS FOR JUDGMENT**

# INTRODUCTION

1. Under s 39B of the *Judiciary Act 1903* (Cth) (the **Judiciary Act**), the Applicant seeks to review a “decision” made by the respondent (the **Commissioner**) or her delegates, namely:
2. a decision on or about 1 November 2012 (the **First Decision**) not to consider whether to issue a direction under s 107 of the *Patents Act 1990* (Cth) (the **Act**) in relation to patent application number 2009238291 (the **Patent Application**); and
3. a decision on 1 November 2012 refusing the Patent Application (the **Second Decision**).
4. The Applicant seeks:
5. a writ of *certiorari* under s 39B of the Judiciary Act quashing the Second Decision from the date of that decision;
6. a declaration under s 21 of the *Federal Court of Australia Act 1976* (Cth) (the **FCA**) that the Second Decision is void and of no effect; and
7. a writ of *mandamus* under s 39B of the Judiciary Act compelling the Commissioner to examine the Patent Application in accordance with law.
8. Initially there were eleven grounds of review. The Applicant abandoned grounds 1, 2, 7, 8 and 9. Each of the remaining grounds of review was said to relate directly to the Second Decision. The grounds of review that were pursued at trial are set out in Annexure A.
9. For the reasons that follow, each ground of review is dismissed. Further, and in any event, the relief sought by the Applicant would be refused on discretionary grounds. At the time the Applicant sought judicial review he had, and continues to have, available to him a statutory right to appeal to the Federal Court against the Second Decision: see [126]-[129] below. The Applicant’s failure to avail himself of that right was and remains unexplained.

# STATUTORY FRAMEWORK

1. The parties submitted that the applicable legislation is the Act and the *Patents Regulations 1991* (Cth)as at 1 November 2012 (the **Regulations**). Given the nature of the claims made by the Applicant, it is necessary to understand the relevant statutory framework before turning to the facts and then the merits.

## Application process and requirements

1. Section 29 of the Act, entitled “Application for Patent”, provides:

(1) A person may apply for a patent for an invention by filing, in accordance with the regulations, a patent request and such other documents as are prescribed.

(2) An application may be a provisional application or a complete application.

(3) A patent request in relation to a provisional application must be in the approved form and accompanied by a provisional specification.

(4) A patent request in relation to a complete application must be in the approved form and accompanied by a complete specification.

(5) In this section:

**‘*person’*** includes a body of persons, whether incorporated or not.

(Emphasis in original.)

1. Section 30 of the Act provides that a patent application is taken to be made on the filing date determined under the regulations. The relevant regulation is reg 3.5. Section 40 sets out the specification requirements of a patent request. A complete specification must accompany the complete application for patent: see s 29(4) of the Act. Subsection (2) provides that:

A complete specification must:

(a) describe the invention fully, including the best method known to the applicant of performing the invention; and

(b) where it relates to an application for a standard patent—end with a claim or claims defining the invention; and

(c) where it relates to an application for an innovation patent—end with at least one and no more than 5 claims defining the invention.

1. Section 43 provides that each claim must have a priority date, to be fixed in accordance with the regulations. The priority date for a patent request with a complete specification is generally the date of filing: s 43(2)(a) of the Act. There is no dispute that the Patent Application was a complete application for a standard patent.
2. Section 79B of the Act provides for the filing of “divisional” applications prior to the grant of a patent. It provides:

(1) If a complete patent application for a patent is made (but has not lapsed or been refused or withdrawn), the applicant may, in accordance with the regulations, make a further complete application for a patent for an invention:

(a) disclosed in the specification filed in respect of the first-mentioned application; and

(b) where the first-mentioned application is for a standard patent and at least 3 months have elapsed since the publication of a notice of acceptance of the relevant patent request and specification in the *Official Journal*—falling within the scope of the claims of the accepted specification.

(1A) The reference to a complete patent application first-mentioned in subsection (1) does not include a reference to a divisional application for an innovation patent provided for in section 79C.

(2) In this section:

***applicant*** has the same meaning as in section 38.

(Emphasis in original.)

1. Regulation 6A.1 provides that a “divisional application must be made ... under section 29 of the Act”. The priority date of a claim of a specification of a divisional application is the priority date of the relevant parent patent application (reg 3.12), and the date of the patent granted on a divisional application can be the date of the parent patent application: s 65 of the Act and reg 6.3(7)(c).

## Patentable inventions

1. Section 18(1) of the Act relevantly provides that an invention is a patentable invention for the purposes of a standard patent if the invention, so far as is claimed in any claim:

(a) is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies; and

(b) when compared with the prior art base as it existed before the priority date of that claim:

(i) is novel; and

(ii) involves an inventive step; and

(c) is useful; and

(d) was not secretly used in the patent area before the priority date of that claim by, or on behalf of, or with the authority of, the patentee or nominated person or the patentee’s or nominated person’s predecessor in title to the invention.

## Examination of the patent request and specification

1. Where a complete application for a standard patent (including any divisional application) has been filed under s 29(4) of the Act, the patent applicant may ask for an examination of the patent request and complete specification: s 44. A request under s 44(1) must be made within five years from the filing date: reg 3.15. If the patent applicant does not make such a request, the Commissioner may direct the patent applicant to ask for an examination of the patent request and complete specification within the prescribed period under s 44(2). The prescribed period is six months from the date of the direction: reg 3.16(2).
2. If the patent applicant fails to ask, within the prescribed period, for examination of the patent application and complete specification, then the patent application lapses: see ss 44(2) and 142(2) and regs 3.15 and 3.16.
3. The procedure for examination is set out in ss 45 and 49 and in regs 3.18 and 3.19. Relevantly, s 45 requires the Commissioner to examine the patent request and complete specification and report on prescribed matters:

(1) Where an applicant asks for an examination of a patent request and complete specification relating to an application for a standard patent, the Commissioner must examine the request and specification and report on:

(a) whether the specification complies with section 40; and

(b) whether, to the best of his or her knowledge, the invention, so far as claimed, satisfies the criterion mentioned in paragraph 18(1)(a); and

(c) whether, to the best of his or her knowledge, the invention, so far as claimed in any claim and when compared with the prior art base as it existed before the priority date of that claim:

(i) is novel; and

(ii) involves an inventive step; and

(d) such other matters (if any) as are prescribed.

(1A) For the purposes of paragraph (1)(c), the prior art base is to be taken not to include information made publicly available only through the doing of an act (whether in or out of the patent area).

(2) The examination must be carried out in accordance with the regulations.

(3) The applicant must inform the Commissioner, in accordance with the regulations, of the results of the following searches carried out for the purpose of assessing the patentability of an invention disclosed in the complete specification or a corresponding application filed outside Australia:

(a) any documentary searches by, or on behalf of, a foreign patent office, other than searches prescribed by the regulations;

(b) the documentary searches prescribed by the regulations.

(4) Subsection (3) only applies to searches completed before the grant of the patent.

(5) In subsection (4):

***completed***, in relation to a search, has the meaning prescribed by the regulations.

(Emphasis in original.)

1. The prescribed matters on which the Commissioner must report are set out in reg 3.18 entitled “Report of Commissioner: examination”:

(2) For the purposes of paragraph 45(1)(d) or 48(1)(c) of the Act, the following matters are prescribed:

(a) whether, to the best of the knowledge of the Commissioner, the request and specification comply with the following provisions of the Act:

(i) section 15 (‘who may be granted a patent?’);

(ii) section 29 (‘application for patent’);

(iii) section 38 (‘time for making complete application’);

(iv) section 79B (divisional applications prior to grant of patent);

(v) section 81 (‘grant of patent of addition’);

(vi) section 94 (‘Convention applicants may make Convention applications’);

(vii) section 95 (‘manner of making Convention applications’);

…

(c) whether acceptance of the request and specification should be refused under section 50 of the Act (‘application or grant may be refused in certain cases’);

(d) whether the invention is not a patentable invention because of subsection 18(2) of the Act (‘patentable inventions’);

(e) whether a patent cannot be granted on the application because of subsection 64(2) of the Act (‘grant: multiple applications’);

(f) whether the applicant is entitled to ask that any action be taken, or that he or she be allowed to take any action, because of subsection 89(3) of the Act (‘modified application of Act’).

(3) For the purposes of paragraph 48(1)(c) of the Act, the following matters are prescribed:

(a) in the case of an invention to which section 6 of the Act applies — whether, to the best of the knowledge of the Commissioner, the requirements of section 6 of the Act are satisfied;

(b) whether the specification under modified examination is the same as the specification (the ***foreign specification***) relating to the patent granted in the prescribed foreign country, apart from:

(i) matters of form; or

(ii) the omission of a claim that is made in the foreign specification; or

(iii) an amendment of a claim that is consequential on an omission referred to in subparagraph (ii); or

(iv) an obvious mistake in the foreign specification; or

(v) if the micro-organism deposited in respect of the foreign specification is the same micro-organism as that deposited in respect of the specification, a difference relating to matter referred to in paragraph 6(c) of the Act that is necessary for the application to comply with the deposit requirements.

(4) If a notice is filed under subsection 27(1) of the Act before the patent request and complete specification to which the notice relates have been accepted under subsection 49 (1) of the Act, in examining the patent request and complete specification under section 45 or 48 of the Act, the Commissioner must consider a matter stated in the notice that addresses a claim that the invention concerned does not comply with paragraph 18(1)(b) of the Act.

(Emphasis in original.)

1. Regulation 3.19 sets out the procedure consequent on examination of the patent request and complete specification by the Commissioner. A copy of the examination report must be given to the patent applicant. The patent applicant may contest any grounds of objection or propose amendments to overcome grounds of objection. Regulation 3.19 entitled “Conduct of examination: standard patents” provides:

(1) If the Commissioner reasonably believes that there are lawful grounds of objection to the patent request or complete specification, he or she must state the grounds of objection in reporting on an examination.

(2) The applicant may contest the objection in writing or ask for leave to amend the patent request or complete specification in accordance with Chapter 10.

(3) If the applicant asks for leave to amend a patent request or complete specification in response to, or in anticipation of, a report under section 45 or 48 of the Act, the Commissioner must examine the request and specification and report as if each proposed amendment had been made.

(4) If the applicant contests the objection, the Commissioner must examine the request and specification and take note of the matters raised by the applicant.

## Acceptance or refusal of the patent request

1. Under s 49 of the Act, if the Commissioner is satisfied that the patent request and complete specification comply with the requirements for acceptance, then the Commissioner must accept the patent request and complete specification. If the Commissioner is not so satisfied, then the Commissioner may refuse to accept the patent request and complete specification. Section 49 entitled “Acceptance of patent request: standard patent” provides:

(1) Subject to section 50, the Commissioner must accept a patent request and complete specification relating to an application for a standard patent, if:

(a) the Commissioner is satisfied that the invention, so far as claimed, satisfies the criteria mentioned in paragraph 18(1)(b); and

(b) the Commissioner considers that:

(i) there is no lawful ground of objection (other than a ground in respect of paragraph 18(1)(b)) to the request and specification; or

(ii) any such ground of objection has been removed.

**(2) If subsection (1) does not apply, the Commissioner may refuse to accept the request and specification.**

(3) The Commissioner must, if asked to do so by the applicant in writing, postpone acceptance of a patent request and complete specification until such day as the applicant specifies.

(4) The applicant cannot, for the purposes of subsection (3), specify a day that is after the end of the period prescribed for the purposes of paragraph 142(2)(e).

(5) Where the Commissioner accepts a patent request and complete specification relating to an application for a standard patent, the Commissioner must:

(a) notify the applicant in writing of the acceptance; and

(b) publish a notice of the acceptance in the *Official Journal*.

(6) The notice mentioned in paragraph (5)(b) must:

(a) if the patent request and complete specification have been subjected to a modified examination—include a statement to the effect that the acceptance has resulted from a modified examination; and

(b) if the patent request and complete specification have not already become open to public inspection—include a statement to the effect that the patent request and specification are open to public inspection.

(7) Where the Commissioner refuses to accept a patent request and complete specification relating to an application for a standard patent, the Commissioner must notify the applicant in writing of the reasons for the refusal and publish a notice of the refusal in the *Official Journal*.

(Emphasis added in bold, italics in original.)

It will be necessary to return to consider this section in further detail below.

## Amendment of specification

1. Under s 104 of the Act, a patent applicant may ask the Commissioner for leave to amend the patent request or complete specification for any purpose, including:

(a) removing a lawful ground of objection to the request or specification, whether that objection is raised in the course of an examination or
re-examination or otherwise;

1. correcting a clerical error or an obvious mistake.
2. The Commissioner must consider the request to amend in accordance with the regulations: s 104(2). The Commissioner must not allow an amendment that is not allowable under s 102: s 104(5). Section 102 prohibits amendment of a complete specification if the amended specification would claim or disclose matters beyond the original complete specification as filed (s 102(1)) or if, after the acceptance of the specification, the amended specification would not comply with s 40(2) or (3): s 102(2).
3. Under section 107 of the Act, where the Commissioner is satisfied that there are lawful grounds of objection to the patent request or complete specification, but that those grounds of objection could be removed by appropriate amendment, then the Commissioner *may* direct the applicant to file a statement of proposed amendments. This section is of central importance to the Applicant’s claims. Section 107 entitled “Amendments directed by Commissioner: applications for standard patents” provides:

(1) Where:

(a) a complete application for a standard patent has been made; and

(b) the Commissioner is satisfied that there are lawful grounds of objection to the patent request or complete specification, *but that those grounds of objection could be removed by appropriate amendments of the request or specification*; and

(c) the applicant has not taken action to amend the request or specification so as to remove those grounds of objection;

the Commissioner *may*, *in accordance with the regulations*, *direct* the applicant to file, within such time as the Commissioner allows, a statement of proposed amendments of the request or specification for the purpose of removing those grounds of objection.

(2) The Commissioner must not give a direction without first giving the applicant a reasonable opportunity to be heard.

(3) An applicant may, in accordance with the regulations, amend a statement of amendments.

(4) If the Commissioner is satisfied that the amendments set out in a statement (or an amended statement) are allowable and would, if made, remove all lawful grounds of objection to the patent request and complete specification, the Commissioner must allow the amendments.

(5) On the allowance of an amendment, the amendment is to be taken to have been made.

(Emphasis added.)

## Exercise of discretionary power

1. Relevantly to both ss 107(2) (the power to direct amendments) and 49(2) (the power to refuse to accept a patent request and complete specification), reg 22.22 provides for the giving of a notice of a hearing (a **Hearing Notice**) to a person before exercising a discretionary power under the Act or the Regulations adversely to that person.
2. Regulation 22.22 entitled “Exercise by Commissioner of certain powers” provides:

(1) The Commissioner must, before exercising a discretionary power under the Act or these Regulations adversely to a person, give the person at least 10 days notice of *the time when, and the place where, that person may be heard in relation to the exercise of the power*.

(2) The Commissioner may exercise that power, if the person:

(a) informs the Commissioner that he or she does not wish to be heard; or

(b) does not attend the hearing; or

(c) being an applicant or patentee, requests the Commissioner to exercise the power of the Commissioner without the applicant or patentee being heard.

(3) A request:

(a) must be in the approved form; and

(b) *may* be accompanied by written submissions.

(4) The Commissioner must, after hearing the person, notify him or her of the decision.

(Emphasis added.)

1. It is also necessary to consider regs 22.23 and 22.24. They provide:

**22.23 Hearings**

(1) The Commissioner must give notice of the date, time and place of a hearing before him or her to each party to the hearing at least 10 days before the day when the hearing is to begin.

(2) The Commissioner may adjourn a hearing from time to time or from place to place by notifying the parties to the hearing accordingly.

(3) The Commissioner may hold a hearing:

(a) at which the parties appear before him or her in person; or

(b) in which a party participates by telephone or such other means of telecommunication as the Commissioner reasonably allows.

(4) If a party to a hearing does not intend to appear at the hearing, the party may make a submission in writing to the Commissioner before the hearing begins to which the Commissioner must have regard in reaching his or her decision on the matter being heard as if:

(a) the party were present or otherwise participating in the hearing; and

(b) the matter of the submission were presented by the party in the presence of the Commissioner.

(5) The Commissioner must, after hearing the person, notify him or her of the decision.

**22.24 Practice and procedure other than for opposition proceedings**

(1) Subject to these Regulations:

(a) if the Act or these Regulations authorise the Commissioner to hear and decide an application or matter that is not an opposition; or

(b) in a matter being decided on the motion of the Commissioner;

the practice and procedure to be followed for the purposes of enabling the application or matter to be decided is to be determined by him or her.

(2) A person to be heard at a hearing may apply to the Commissioner in respect of the practice and procedure in relation to the hearing to be determined by the Commissioner.

## Grant of a standard patent

1. Section 61 provides that the Commissioner must grant a standard patent by sealing a standard patent in the approved form, if there is no objection to the grant. The standard patent must be granted within the prescribed period: s 61(2). The term of a standard patent is 20 years from the date of the patent: s 67. The date of the patent is the date of filing of a complete specification or the date determined by the regulations: s 65. The date of a divisional patent under s 79B is regulated by reg 6.3(7)(c), and is:

… the earliest of:

(i) the date of the patent of the first-mentioned application referred to in subsection 79B(1) of the Act; and

(ii) the date that would be the date of the patent if a patent had been granted on that first-mentioned application; and

(iii) if that first-mentioned application was itself a divisional application or was amended to be a divisional application before filing the later application—the date that would be the date of the patent if a patent had been granted on the divisional application.

## Lapsing of patent applications

1. A patent applicant must pay annual “continuation” fees to keep the patent application in force: s 142(2)(d) of the Act and regs 13.3(1) and 13.3(1A). The effect of these provisions is that a divisional patent application lapses if the continuation fee is not paid by the anniversary of the date of filing of its parent application.
2. However, if the continuation fee is paid (together with an additional fee) within six months of the anniversary of the date of filing of its parent application, then the time for paying the continuation fee is “taken to be extended to” the date on which the continuation fee is actually paid. Again, these provisions are central to the claims made by the Applicant.
3. Section 142, entitled “Lapsing of applications” provides:

(1) A provisional application for a patent lapses at the end of the period prescribed for the purpose of section 38 or, if that period is extended, at the end of the period as so extended.

(2) A complete application for a standard patent lapses if:

(a) the applicant does not ask for an examination of the patent request and complete specification within the relevant period prescribed for the purposes of subsection 44(1), (2) or (3), as the case requires; or

…

(c) the examination of the patent request and complete specification has been deferred under section 46 and the applicant does not ask for an examination within the period prescribed for the purposes of this paragraph; or

(d) the applicant does not pay a continuation fee for the application within the period prescribed for the purposes of this paragraph; or

(e) the patent request and complete specification are not accepted within the period prescribed for the purposes of this paragraph.

(3) A complete application for a standard patent lapses if the applicant does not comply with a direction of the Commissioner under section 107 within the time allowed by the Commissioner under that section.

1. Regulation 13.3 entitled “Prescribed period: continuation fees” provides:

(1) For paragraph 142 (2) (d) of the Act:

(a) a continuation fee for an application for a standard patent is payable for a relevant anniversary at the last moment of the anniversary; and

(b) the period in which the fee must be paid is the period ending at the last moment of the anniversary.

(1A) However, if the continuation fee is paid within 6 months after the end of the relevant anniversary (***6 month period***):

(a) the period mentioned in paragraph (1)(b) is taken to be extended until the fee is paid; and

(b) the continuation fee includes the additional fee stated in item 211 of Schedule 7; and

(c) the additional fee is payable from the first day of the 6 month period.

…

(3) In this regulation, ***relevant anniversary***, for an application for a standard patent, means an anniversary:

(a) of the date that would be the date of the patent if a patent had been granted on the application; and

(b) that is mentioned in item 211 of Schedule 7.

Note 1 For the date of a patent, see section 65 of the Act and regulation 6.3.

Note 2 For the fees payable, see regulation 22.2.

(Emphasis in original.)

## Extensions of time

1. Next, s  223, entitled “Extensions of time” provides:

(1) The Commissioner must extend the time for doing *a relevant act* that is required to be done within a certain time if the act is not, or cannot be, done within that time because of an error or omission by:

(a) the Commissioner or a Deputy Commissioner; or

(b) an employee; or

(c) a person providing, or proposing to provide, services for the benefit of the Patent Office.

(2) Where, because of:

(a) an error or omission by the person concerned or by his or her agent or attorney; or

(b) circumstances beyond the control of the person concerned;

a relevant act that is required to be done within a certain time is not, or cannot be, done within that time, the Commissioner may, on application made by the person concerned in accordance with the regulations, extend the time for doing the act.

(2A) If:

(a) a relevant act that is required to be done within a certain time is not done within that time; and

(b) the Commissioner is satisfied that the person concerned took due care, as required in the circumstances, to ensure the doing of the act within that time;

the Commissioner must, on application made by the person concerned in accordance with the regulations and within the prescribed period, extend the time for doing the act.

(2B) An extension of time under subsection (2A) cannot exceed the period prescribed for the purposes of this subsection.

(3) The time allowed for doing a relevant act may be extended, whether before or after that time has expired.

(3A) Despite subsection (3), the time allowed for doing a relevant act may be extended under subsection (2A) only after that time has expired.

…

(7) Where:

(a) a patent application lapses, or a patent ceases, because of a failure to do one or more relevant acts within the time allowed; and

1. the time for doing that act or those acts is extended;

the application or patent must be treated as having been restored.

(8) Where:

(a) a provisional patent application lapses under subsection 142(1) at the end of the period prescribed for the purposes of section 38; and

(b) that period is extended;

the application must be treated as if it had not lapsed.

…

(10) Infringement proceedings cannot be brought in respect of an infringement committed:

(a) between the day on which the patent application lapses and the day on which it is restored; or

(b) between the day on which the patent ceases and the day on which it is restored.

(11) In this section:

***relevant act*** means an action (other than a prescribed action) in relation to a patent, a patent application, or any proceedings under this Act (other than court proceedings), and includes the making of a Convention application within the time allowed for making such applications.

(Emphasis in original.)

## Appeal to the Federal Court

1. An appeal against a decision of the Commissioner lies to the Federal Court of Australia:
2. refusing or accepting a request for patent decision under s 49, pursuant to s 51;
3. concerning amendment under s 104, pursuant to s 104(7); and
4. directing amendment under s 107, pursuant to s 109.
5. An appeal to the Federal Court, like other statutory “appeals” to the Court under the Act, is a review *de novo* on the merits in which the Court exercises original jurisdiction: see, for example, *H Bion Inc v Commissioner of Patents* [2010] FCA 539 at [7]; *Imperial Chemicals Industries Pty Ltd v Commissioner of Patents* (2004) 63 IPR 476 at [49] and *F Hoffman-La Roche AG v New England Biolabs Inc* (2000) 99 FCR 56 at [29]. For an appeal commenced after 15 April 2013 (or not completed as at that date), a patent applicant is permitted to seek an order directing the amendment of the patent request or the complete specification: see s 105(1A) of the Act (inserted by item 6 of Sch 3 to the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth)).

## Administrative practices of the Commissioner

1. Between October 2010 and November 2012, the Patent Manual of Practice and Procedure authorised on behalf of the Commissioner for use by staff of IP Australia in applying the Act and Regulations contained section 2.10.11 entitled “Case Management of Divisional Applications” which set out procedural steps in relation to divisional applications, as follows:

The filing of divisional applications can create significant uncertainty in the scope of patent rights that may be associated with a particular innovation. For this reason, the Commissioner has adopted a case management approach to the examination of divisional applications and their related parent applications intended to ensure prompt resolution of the status of the applications, particularly where the claimed subject matter of the divisional application is the same as its parent. Consequently, the following case management practices apply generally to the examination of divisional applications for standard patents:

• When examining a divisional application, examiners should check for any related unexamined applications having an examination request on file and examine these together with the divisional application, where possible.

• Special considerations apply to the examination where:

• The parent application (or other ancestor, e.g. grandparent) was examined and an adverse report issued (whether or not the application was subsequently amended and/or accepted).

• An objection is raised in the first report on the divisional application for the same, or substantially the same, reason as an objection was raised in the report on the parent or other ancestor. In this regard, it is the existence of the same grounds for objection that is significant, rather than the wording or statutory basis of the objection used. (This includes an objection that there is no notice of entitlement, even when that was the only objection raised in relation to the relevant ancestor application).

• In these cases, the first report is to include the statement:

“Objection(s) <1 and 2> of my report are based on the same grounds objected to in the examination of patent application <number>. **Please note that if a response overcoming those objections is not filed within two months of the date of this report the Commissioner will consider whether to direct amendment of the application under section 107 or proceed to refuse the application under section 49(2) of the Act.** If intending to proceed under either of these provisions the Commissioner will notify you in writing and indicate the time and place you may be heard on the matter. In deciding the matter the Commissioner will consider all possible grounds of objection to the application not only those identified above.”

This text will automatically appear in the DocGen template when the option ‘Yes’ 'is selected at the ‘Is this a Divisional Application with objections repeated from the Parent application?’ prompt.

• Examiners must also send an email to OH&L/CBR/IPAustralia stating that the report has issued and indicating the application number and date of the first report. OH&L will diary the date and call up the application for review after two months. If no response has been filed, the Supervising Examiner B4 will determine what course of action to take, including setting the matter for hearing. Any inquiries from the applicant or attorney about the statement or a request for extension of the two month period should also be referred to the Supervising Examiner B4.

• If a response is received within two months, examiners should make a decision as to whether or not the response is a serious attempt to meet the objections raised in the first report.

• A serious attempt need not overcome all the objections raised in the first report, however it must make significant progress towards gaining acceptance. In this circumstance, examiners should issue a normal further report or, if the response overcomes all the objections, accept the application. As soon as this decision has been made, examiners should send an email to OH&L/CBR/IPAustralia stating that they will be accepting the case, or that a normal further report will be issued and the case can be returned to the normal examination cycle.

• If examiners consider that a response is a not (sic) serious attempt, then they should discuss the case with a senior examiner or supervising examiner. If, after this discussion, the joint opinion is that the response is not serious, examiners should send an email to the Supervising Examiner B4 stating that a response has been received, but that after consultation, the joint opinion is that the response is not serious. The Supervising Examiner B4 will then determine an appropriate course of action.

• If there remains doubt about whether the response is serious or not after discussion within the examination section, examiners should consult the Supervising Examiner B4 in person.

• Any other doubts as to whether or not to adopt the case management approach should also be referred to the Supervising Examiner B4.

(Emphasis in original.)

1. Between March 2011 (as amended in November 2011) and November 2012, the procedural manual for the Opposition, Hearings and Legislation section within the Patents Office (forming part of the Patents and Plant Breeders’ Rights Group of IP Australia) (the **OH&L Admin Manual**) authorised on behalf of the Commissioner contained the procedural directions set out in Annexure B to these reasons for judgment.
2. The extracts from the Patent Manual of Practice & Procedure (see [32] above) and the OH&L Admin Manual (see Annexure B) describe a policy authorised on behalf of the Commissioner for case management of divisional applications (the **Policy**). The Policy did not mandate a particular outcome for divisional applications in certain circumstances.
3. IP Australia published on its website a document entitled “Divisional Case Management Frequently Asked Questions” which related to the Policy. In response to the question “Can I get an extension of the two month period?”, it stated:

If you do not respond in two months, a letter will issue setting a one month period for you to either respond to the examiner’s report or to file submissions to be considered by a hearing officer. However:

* if you do not respond within this extra month the application will automatically be listed for refusal ...

# FACTS

1. On 22 October 2007, Ellipse Pty Ltd filed patent application 2007229415 (the **2007 Patent Application**) for an invention described as an “apparatus for storing or holding items”.
2. On 25 February 2008, a first examination report was issued in respect of the 2007 Patent Application.
3. For the purposes of s 142(2)(e) of the Act, a period of 21 months was prescribed by reg 13.4(b) after which the 2007 Patent Application would lapse if it had not by then been accepted (under Div 1 of Pt 3 of the Act).
4. On 26 November 2009, the 2007 Patent Application lapsed because no response had been received to the first examination report and the application had not been accepted within the prescribed time.
5. On 16 November 2009, shortly before the 2007 Patent Application lapsed, Ellipse Pty Ltd filed the Patent Application that is the subject of this proceeding, as a “divisional application” of the 2007 Patent Application.
6. The Patent Application was treated by the Commissioner as a valid patent application made pursuant to s 79B of the Act in relation to the 2007 Patent Application. That is, as a divisional application (or “divisional child”) of the 2007 Patent Application. The 2007 Patent Application was the “parent”. As the Patent Application was a divisional application of the 2007 Patent Application, the date of any patent granted on the Patent Application would have the same date as the 2007 Patent Application: reg 6.3(7)(c) and s 65 of the Act. Regulation 6A.1 provided that a divisional application must be made under s 29 of the Act.
7. For the purposes of s 142(2)(d) of the Act, reg 13.3(1) required a continuation fee for the Patent Application to be paid by a “relevant anniversary” of 22 October 2012, subject to reg 13.3(1A) which prescribed an additional 6 months for payment of the continuation fee including an additional fee.
8. On 25 November 2009, Ellipse Pty Ltd filed a further divisional application of the 2007 Patent Application, namely patent application number 2009245888. On the same day, 25 November 2009, an abstract of the Patent Application was prepared by IP Australia for publication on 10 December 2009.
9. From 9 April 2011, the Patent Application proceeded in the name of the Applicant as a result of an assignment from Ellipse Pty Ltd to the Applicant.
10. On 8 June 2011, the Commissioner directed the Applicant to request examination of the Patent Application within 6 months.
11. The Applicant’s second divisional application in relation to the 2007 Patent Application (number 2009245888 filed on 25 November 2009) was accepted on 25 October 2011 and ultimately resulted in the grant of a patent for an “apparatus for storing or holding items”, with effective date 22 October 2007.
12. On 12 December 2011, the Applicant requested examination of the Patent Application. The Applicant paid the associated fee on 9 February 2012. On 7 May 2012, the Patent Application was examined. The Examiner raised a number of grounds of objection, generally on the basis that the invention was not novel and/or did not involve an inventive step (the **Examination Report**). The Examiner’s Letter of 7 May 2012 (the **May letter**) advised the Applicant that:
13. if a response overcoming the objections was not filed within 2 months of the date of the report, the Commissioner would consider whether to direct amendment of the application under s 107 of the Act or proceed to refuse the application under s 49(2) of the Act; and
14. if the objections were not overcome, the Patent Application would lapse after 21 months.

The Applicant did not respond to the May letter or the Examination Report.

1. On 6 September 2012 (containing an incorrect date for the Examination Report) and on 7 September 2012, the Commissioner issued a letter (the **September letter**) to the Applicant requesting submissions from him within a month and indicating that amendments could be filed. The letter stated:

The examination report … raised an objection(s) equivalent to that in the parent application. In line with our approach to case management of divisionals, you were given two months to respond to that report. As no response has been received, the matter will now be set for hearing.

I believe that it is possible to hear this matter on the basis of written submissions, so I allow you **one(1) month** from the date of this letter to file any submissions you wish. Your submissions should address the ground(s) of objection identified in the examination report. Once your submissions have been received, or alternatively if no submissions are received, the matter will be passed to a hearing officer to issue a written decision. Please note that it is possible for the Commissioner to refuse the application or direct amendment.

Alternatively, if you file amendments overcoming the objection(s) within this period, the Commissioner will not proceed with the hearing. However, if the amendments do not fully overcome the objection(s), you will be advised of this fact and the hearing may continue as above.

(Emphasis in original.)

The Applicant did not respond to the September letter.

1. On 1 November 2012, the Commissioner (by her delegate Mr EJ Knock) refused the Patent Application, referring to the objections raised in the Examination Report and the Applicant’s lack of response to the Examination Report and the September letter, and concluding:

Patent application … was filed by [the Applicant], as a divisional of application … on 16 November 2009. An examination report issued on 7 May 2012, raising three objections. In line with the Commissioner’s approach to case management divisionals, the report included the following objection:

[THE OBJECTION WAS SET OUT].

As no reply was received, the Commissioner issued a hearing notice in the following terms:

[THE SEPTEMBER LETTER WAS SET OUT].

The applicant has not provided any submissions.

**The objection**

I have reviewed the examiner’s report, and I agree that there are appropriately raised objections. The applicant has chosen not to defend the application. They have provided no submissions disputing the objections, and have not proposed any amendment to attempt to overcome the objections. In these circumstances there are no reasonable prospects of the applicant overcoming the objections. The application should be refused.

This was the Second Decision.

1. On 28 March 2013, the Applicant, through his newly retained representatives Ahearn Fox, applied for amendment of the Patent Application. On the same day, the Applicant tendered the continuation fee that had been outstanding on the Patent Application. On 3 April 2013, the Commissioner replied that the Patent Application had been refused on 1 November 2012 and could not be amended unless the Second Decision was overturned by this Court.
2. On 9 April 2013, Ahearn Fox provided a submission to the Commissioner in which it argued that the Second Decision was affected by jurisdictional error and therefore void. The Applicant submitted that the Commissioner had failed to issue a notice under s 107 of the Act and relied on a policy that was inconsistent with the express terms of the Act. The Applicant submitted, as an alternative, that s 33(3) of the *Acts Interpretation Act 1901* (Cth) provided the Commissioner with the power to revoke the Second Decision. On 12 April 2013, the Commissioner replied stating that the Second Decision had been lawfully made and that only the Federal Court had the power to set aside the Second Decision.
3. On 16 April 2013, Ahearn Fox submitted to the Commissioner that the Second Decision was a nullity because of the failure by the Commissioner to issue a notice under s 107 of the Act and sought a hearing to further address the issue. On 22 April 2013, Ahearn Fox further submitted that the Commissioner had not lawfully exercised its power to refuse the Patent Application and that the 2 month period allowed to respond to the objections (see [35] above) was unlawful.
4. On 23 April 2013, the Commissioner replied and maintained that the Second Decision was not a nullity. The Commissioner noted that it was uncertain that there was any right to a hearing but that, in any event, the submissions provided by Ahearn Fox effectively amounted to a hearing.
5. On 26 April 2013, Ahearn Fox made a further submission that the Patent Application had lapsed on 22 October 2012 and that an application in that state could not be refused. On 29 April 2013, Ahearn Fox wrote another letter to the Commissioner “again request[ing] that the Commissioner cancel the purported refusal”. On 30 April 2013, blueFox Legal, solicitors for the Applicant, provided the Commissioner with a draft application to the Federal Court. On 1 May 2013, blueFox Legal again foreshadowed that it would file an application for judicial review. This proceeding was filed on 1 May 2013.

# ANALYSIS OF GROUNDS

## Ground 2A: Making of Second Decision not authorised by the Act

1. The Second Decision refused the Patent Application: see [49] above. In making that decision, the Applicant submitted that the Commissioner (or her delegate) did not consider whether or not to direct the Applicant to file a statement of proposed amendments to the patent request and complete specification of the Patent Application to remove the grounds of objection before refusing the application. The question is whether the Commissioner should have done so? As these reasons will demonstrate, the answer is no.

### Parties’ submissions

1. The Applicant submitted the Second Decision was not authorised by the Act because the power in s 49(2) of the Act to refuse a patent application is not available to the Commissioner without the Commissioner first considering whether or not to direct a patent applicant, under s 107 of the Act, to file a statement of amendments to the patent application. The Applicant submitted that the Commissioner’s discretionary power under s 107 of the Act (to consider whether to issue a notice to direct an applicant to file amendments) is actually mandatory where refusal of a patent application under s 49(2) is being considered.
2. In support of those contentions, the Applicant submitted that in arriving at the “intended effect of the Act”, ss 49(2) and 107 exist to balance the public interest in finalising administrative proceedings and the private interest of patent applicants in not having their patent applications refused in situations where there is some defect in the patent application which could be cured by amendment.
3. The Applicant submitted that these contentions were also supported by legislative history, the High Court decision in *Commissioner of Patents v Microcell Limited* (1959) 102 CLR 232, the Policy (see [34] above) and the IP Australia published document entitled “Frequently Asked Questions”: see [35] above.
4. The Commissioner rejected these contentions. He submitted that the position adopted by the Applicant is contrary to the express words of the Act and proceeds from a misapplication of *Microcell*. The Commissioner is correct.

### Analysis

1. It is important to start with s 49 of the Act: see [17] above. Certain matters should be noted at the outset. First, the express words of the section relevantly provide:

(1) Subject to section 50, the Commissioner must accept a patent request and complete specification relating to an application for a standard patent, if:

(a) the Commissioner is satisfied that the invention, so far as claimed, satisfies the criteria mentioned in paragraph 18(1)(b); and

(b) the Commissioner considers that:

(i) there is no lawful ground of objection (other than a ground in respect of paragraph 18(1)(b)) to the request and specification; or

(ii) any such ground of objection has been removed.

(2) If subsection (1) does not apply, the Commissioner **may** refuse to accept the request and specification.

…

(7) Where the Commissioner refuses to accept a patent request and complete specification relating to an application for a standard patent, the Commissioner must notify the applicant in writing of the reasons for the refusal and publish a notice of the refusal in the *Official Journal*.

(Emphasis in bold added, italics in original.)

The power in s 49(2) is discretionary. There is nothing to suggest that the exercise of the power in s 49(2) is subject to a precondition or requirement that the Commissioner must first consider whether to give a direction under s 107. Indeed, not only is there no express reference to s 107 in s 49, but the drafters turned their mind to what were the preconditions to the exercise of the power in s 49 and referred to s 50, not s 107.

1. Does s 107 in its terms alter that conclusion? The answer is no. The Applicant submitted that the Act prescribes two methods by which amendments may be made to overcome objections raised by the Commissioner. First, at the initiative of the patent applicant (s 104) and secondly, at the initiative of the Commissioner (s 107). The Applicant submitted that if the patent applicant does not propose amendments, then they can only be made by consideration by the Commissioner of the exercise of the power under s 107. The Applicant contended that this was consistent with the regulatory nature of the Commissioner’s role under the Act. This submission needs unpacking.
2. The Applicant relied principally on s 107(1) of the Act: see [20] above. It relevantly provides:

(1) Where:

…

(b) the Commissioner is satisfied that there are lawful grounds of objection to the patent request or complete specification, *but that those grounds of objection could be removed by appropriate amendments of the request or specification*; *and*

(c) the applicant has *not* taken action to amend the request or specification so as to remove those grounds of objection;

the Commissioner *may*, *in accordance with the regulations*, *direct* the applicant to file, within such time as the Commissioner allows, a statement of proposed amendments of the request or specification for the purpose of removing those grounds of objection.

(Emphasis added.)

1. The fact that s 107 provides the Commissioner with a power to direct an applicant to file a statement of proposed amendments in certain circumstances does not the support the contention that that power is to be imposed, or grafted, on to the exercise of another power (s 49(2)). Nor does the fact that the Commissioner has a regulatory role support that contention. First, the express words of s 107 are contrary to that contention. Section 107 itself is a discretionary power. Secondly, if exercised, it requires the applicant, not the Commissioner, to file a statement of proposed amendments to the request or specification. Thirdly, s 107 addresses a different state of affairs to that being addressed in s 49(2).
2. If the express words of the Act do not support the construction contended for by the Applicant, what then is left? As these reasons will demonstrate, there is no foundation, let alone a sufficient foundation, to impose an obligation on the Commissioner that the exercise of the power in s 49(2) is subject to a precondition or requirement that the Commissioner must first *consider* whether to exercise the power to direct under s 107.
3. The Applicant referred to a series of cases and texts which considered different legislation and scenarios where discretions were treated as being coupled with a duty to exercise the so-called “discretionary” power: see *Julius v Bishop of Oxford* (1880) 5 App Cas 214 at 221; *Finance Facilities Pty Ltd v Federal Commissioner of Taxation* (1971) 127 CLR 106 at 134-135; *Microcell* and Pearce DC and Geddes RS*, Statutory Interpretation in Australia* (7th ed, LexisNexis Butterworths, 2011) at [11.6]-[11.7].
4. It is important to understand that, unlike the cases referred to by the Applicant, the position here is different. The Applicant does *not* focus on the discretionary power in s 49(2). His focus is a different section (s 107) which he contends is substantively different in operation. It is different because the Applicant does *not* contend that the Commissioner was obliged to issue a direction under s 107 but that he was under a duty to *consider* doing so. There are at least three complete answers to this submission.
5. At the outset, it is worth repeating that the Commissioner was not under a duty to consider issuing a direction under s 107. Neither s 49 nor s 107 was in those terms. Moreover, none of the other provisions of the Act support the contention. Indeed, the Act suggests otherwise. It provides a mechanism for an applicant on its own motion to lodge amendments with the Commissioner under s 104 of the Act: see [18] above. It is therefore unnecessary for an applicant to call for the exercise of the Commissioner’s power under s 107. The express terms of s 104 also stand in stark contrast with s 107. Unlike s 104, there is *no* provision for an applicant to request or require the Commissioner to make a direction to that applicant of the kind contained in s 107. Put another way, if there is a defect in a patent application which could be cured by amendment, then it is open to an applicant to seek leave, under s 104, to amend the application. The existence of, and the contents of, s 104 militates against the implication of the duty contended for by the Applicant: see, for example, *Bishop of Oxford* at 225.
6. Contrary to the further submission of the Applicant, the decision of the High Court in *Finance Facilities* does not assist*.* The provision in issue in *Finance Facilities* was s 46(3)(a) of the *Income Tax Assessment Act 1936* (Cth) which provided that the Commissioner “may allow” a private company a rebate of taxation if satisfied that the shareholder would not pay a dividend to another private company during a specified period. It was argued by the Commissioner that the provision as to allowing a rebate was entirely discretionary. The Court rejected that contention and held that the word “may” conferred a power to be exercised, not a discretion to be weighed. As the High Court said in *Samad v District Court of New South Wales* (2002) 209 CLR 140 at [67], “[t]he key to the decision, that the Commissioner was bound to allow a further rebate if satisfied of the conditions spelled out in s 46(3)” was found in the following statement by Windeyer J in *Finance Facilities* at 133-134:

The right of a taxpayer to a discount or rebate arising from facts objectively determinable is quite properly called an entitlement. A claim to a discount or rebate dependent upon the Commissioner being satisfied of certain fact is equally properly called an allowance, something to be allowed. In some contexts the word “allow” in the phrase “may allow” might enhance a discretion said to be embodied by the word “may”. But not, I think, in this context. The Act is filled with provisions about allowable deductions which are mandatory.

…

This [question] does not depend on the abstract meaning of the word “may” but of whether the particular context of words and circumstances make it not only an empowering word but indicate circumstances in which the power is to be exercised – so that in those events the “may” becomes a “must”.

Unlike *Finance Facilities*, this is not a case where the Commissioner was satisfied of the fulfilment of criteria on which the exercise of discretion conferring an entitlement turned and, no less importantly, it cannot be said that there was no other valid course open to her. No proposed amendments had been placed before the Commissioner and she was not required to formulate amendments.

1. Next, the Applicant referred to *Microcell* in support of a contention that ss 49(2) and 107 exist to balance the public interest in finalising administrative proceedings with the private interest of patent applicants in not having their patent applications refused in situations where there is some defect in the patent application which could be cured by amendment. The passages in *Microcell* relied upon by the Applicant were as follows (at 244-245):

... it is well settled that the Commissioner ought not to refuse acceptance of an application and specification *unless it appears practically certain* that letters patent granted on the specification would be held invalid. As Menzies J has pointed out, he will not normally have before him the material necessary for the formation of a concluded opinion. Moreover, whereas refusal of acceptance is final, acceptance is not: the application may be opposed after acceptance on any of the grounds mentioned in s 56, and, if a patent is granted, its validity is open to attack in proceedings for infringement or for revocation. So, in *McDonald v Commissioner of Patents* (a case in which the validity of a patent granted on the specification may be thought to have been very doubtful) this Court allowed an appeal from the Commissioner, Griffith CJ saying: “I think that it is only in a clear case, where it is obvious that a patent cannot be granted, that the Commissioner should reject an application altogether”.

On the other hand, it is not to be overlooked that the Commissioner has a duty to the public as well as to the applicant for a patent, and, if it appears manifest that a valid patent could not be granted, the Commissioner not merely has power, but is under a duty to reject the application under s 46. So, in *Sir W G Armstrong Whitworth & Co (Engineers) Ltd v Commissioner of Patents* [1936] ALR 131 at 131–2, Latham CJ (Starke, Dixon, Evatt and McTiernan JJ concurring) said: “Generally an application would not be stopped at this stage, unless it were a clear case as far as the subject matter is concerned; but where the Court is of opinion that, on the face of it, it is clear that no valid patent could result from the grant, … I think the Commissioner may properly be supported in refusing to give the grant. In my opinion, it is much more proper that the Commissioner should do that than that it should be left to the chance of some member of the public being prepared to undertake the not inexpensive task of challenging a patent”.

(Footnotes omitted.)

*Microcell* does not support the Applicant’s contention. None of the passages identified by the Applicant support the contention that the Commissioner must consider directing amendment.

1. Next, the Applicant submitted that the legislative history of the power to direct amendments, and the power to refuse to accept a patent application, supported his contention that the Commissioner does not have the power to refuse to accept a patent application under s 49(2) of the Act without first considering whether or not to direct the patent applicant to file a statement of amendments under s 107 of the Act. The Applicant referred to ss 52 and 52D of the *Patents Act 1952* (Cth) (the **1952 Act**), the predecessor of the Act. At the time of the repeal of the 1952 Act, s 52 was entitled “Acceptance of application for a standard patent” and was relevantly in the following terms:

(1) If the Commissioner is satisfied that there is no lawful ground of objection to an application for a standard patent and complete specification, or that the grounds of objection to an application for a standard patent and complete specification have been removed, the Commissioner shall, subject to sub-section (3), accept the application and complete specification.

(2) If the Commissioner is not so satisfied, he may refuse to accept the application and complete specification.

1. Section 52D of the 1952 Act was entitled “Action on Examiner’s report on modified examination” and sub-ss 52D(7) and (8) were as follows:

(7) If the Commissioner is satisfied that there is no lawful ground of objection to the application and complete specification under section 52C, or that the grounds of objection to the application and complete specification under that section have been removed, the Commissioner shall accept the application and complete specification.

(8) If the Commissioner is not so satisfied, he may–

(a) refuse to accept the application and complete specification; or

(b) direct the applicant to lodge a statement of proposed amendments of the application and complete specification, or, if such a statement has been lodged under sub-section 52A(3) or under paragraph (2)(b) of this section, amend the statement, to the satisfaction of the Commissioner within such time as the Commissioner allows.

1. The Applicant submitted that it was significant that there was no power in the section relating to examination (s 52) to direct an applicant to propose amendments (cf s 52D). Under the current legislation, the power to refuse to accept applications for a standard patent consequent on both examination and modified examination of those applications is found in s 49 of the Act. It does not set out the Commissioner’s power to direct an applicant to propose amendments. That power appears in s 107 of the Act.
2. The Applicant submitted that a consideration of the provisions of the 1952 Act established that:
3. The removal of the power to direct amendments from the section dealing with modified examination to s 107 does not imply that:
	1. the Commissioner has been relieved of the obligation to consider whether or not to direct the applicant to propose amendments; before
	2. the Commissioner decides whether or not to refuse to accept an application and complete specification following modified examination.
4. The amalgamation of two separate sets of provisions relating to “examination” and to “modified examination” was to remedy the “mischief” of the Commissioner not having power (under the 1952 Act) to direct a patent applicant, during the course of “examination”, to propose amendments to the application and complete specification.
5. Those contentions are rejected. Reference to precursor statutory provisions cannot be made where to do so creates an uncertainty that is not apparent on the face of the later provision under consideration: *Walsh v Permanent Trustee Australia Ltd* (1996) 21 ACSR 213 at 215. That is the position here.
6. There is at least one other reason why the Applicant’s contention about the interaction between ss 49(2) and 107 should be rejected – the result contended for by the Applicant is uncertain and inconvenient: *Project Blue Sky Inc v Australian Broadcasting Authority* (1998) 194 CLR 355 at [96]-[99]. If, as the Applicant contends, the Commissioner is required to *consider* appropriate amendments to a patent application before refusing a patent application, the Commissioner would need to have in her mind, or at least to have formulated, appropriate amendments. A number of questions immediately spring to mind. How would the Commissioner undertake such a task? Where would the line be drawn in determining if the Commissioner had done enough to satisfy this so-called obligation to consider whether to exercise the power? None of these questions arise under the current scheme of the Act because that scheme imposes on an applicant, not the Commissioner, the obligation to file and pursue a patent application.
7. The Applicant’s response to these difficulties was to submit that the *nature* of the Commissioner’s obligation was to *consider* whether or not to exercise the power. That submission does no more than restate the problem. Put another way, the uncertainty and inconvenience caused by adopting the Applicant’s construction of ss 49(2) and 107 would tend against the construction contended for by the Applicant: *Project Blue Sky* at [96]-[97].
8. In any event, even if, contrary to the view formed, the Applicant’s contention about this so-called discretionary power is correct, then the application fails on the facts. It fails on the facts because the delegate’s reasons for decisions record that the delegate turned his mind to the possibility of a direction under s 107 at the time of the making of the Second Decision and concluded that a direction under s 107 would be futile. That report stated:

*I have reviewed the examiner’s report, and I agree that there are appropriately raised objections*. The applicant has chosen not to defend the application. They have provided no submissions disputing the objections, and have not proposed any amendment to attempt to overcome the objections. In these circumstances there are no reasonable prospects of the applicant overcoming the objections. The application should be refused.

(Emphasis added.)

1. The Applicant submitted that the phrase “*I have reviewed the examiner’s report, and I agree that there are appropriately raised objections*” does not record that the Commissioner or her delegate had considered whether lawful objections were taken and that view is further supported by the fact that the Policy (Annexure B) introduced short timelines for assessment of divisional applications. The passage must be read in context and fairly: see [49] above. The objection was set out. The fact that the Applicant had been given an opportunity to respond to the objection was stated. The failure of the Applicant to respond to the objection was set out. The Commissioner’s delegate then *reviewed* the examiner’s report and considered the objections were “appropriately raised”. The Commissioner’s delegate then concluded that in those circumstances there were “no reasonable prospects of the applicant overcoming the objections”.
2. Do the timelines set out in the Policy alter that conclusion? The answer is no. The fact that there were timelines imposed by the Commissioner and that they were in fact imposed is not in dispute. What was not explained by the Applicant was how those timelines support the conclusion that the Commissioner or her delegate did *not* consider whether lawful objections were taken. If the Applicant’s submission is no more than the timelines were too short a period for the Commissioner to undertake that review, then that submission fails at the first hurdle. There is no factual basis for that assertion. Indeed, as has been stated, the record in fact establishes that the objections were reviewed and were reviewed within the timelines imposed by the Commissioner.
3. For those reasons, this ground of review is dismissed.

## Grounds 3 and 4: The First and Second Decisions involved one or more errors of law and were an improper exercise of the power conferred by the Act

1. Grounds 3 and 4 may be dealt with together. Both grounds concern the contention that the Commissioner’s conduct “circumvented” the operation of s 142(2)(e) of the Act and reg 13.4(1)(b).
2. The effect of s 142(2)(e) of the Act is that a complete application for a standard patent lapses if the patent request and complete specification are not accepted within the 21 month period prescribed in reg 13.4(1)(b). On the Applicant’s case, the question is whether the Commissioner’s conduct involved the exercise of the power under s 49(2) of the Act which impermissibly “circumvented” the operation of those provisions. For the reasons that follow, the answer to that question is no.

### Parties’ submissions

1. The Applicant submitted that s 142(2)(e) of the Act and reg 13.4(1)(b) establish a regime under which a patent applicant has a statutorily-prescribed period of 21 months in which to gain acceptance of a patent application (referred to as the **Acceptance Period**). He submitted that the application of the Policy effectively deprived “the applicants in respect of a broad class of patent applications of the benefit of the statutorily-prescribed Acceptance Period”. More particularly, the Applicant submitted that Pt 2 of Ch 3 of the Act (in particular, s 45) when read with reg 3.19 did not impose a time limit upon the patent applicant in addressing objections identified by the Commissioner and that neither the Act nor the Regulations conferred a power on the Commissioner to impose such time limits.
2. The Applicant submitted that in applying the Policy, the Commissioner acted in excess of jurisdiction – that is, the Commissioner assumed a power she does not have by creating a class of patent applications which are deprived of the full 21 month Acceptance Period. On this basis, the Applicant submitted that the entire Policy, including the refusal of the Patent Application the subject of this proceeding, is a nullity and of no effect.
3. The Commissioner rejected that submission. The Commissioner submitted that, as a matter of logic and plain construction of the Act, it is open to the Commissioner to exercise the discretion under s 49(2) before the expiry of the Acceptance Period under s 142(2)(e) and reg 13.4(1)(b). I agree.

### Analysis

1. The Applicant’s complaint was broad. The Applicant submitted that the Commissioner could not “use” s 49(2) of the Act to circumvent the Acceptance Period in respect of *all* applications which had been the subject of an objection in the first examination report. The Applicant submitted that the Commissioner would be acting unlawfully if all first “adverse” patent examination reports included a “**Hypothetical Note**” with the following wording:

Please note that if a response overcoming those objections is not filed within two months of the date of this report the Commissioner will consider whether to refuse the application under section 49(2) of the Act.

1. The Applicant submitted that the Commissioner would be acting unlawfully if the Hypothetical Note were to be included in:
2. the first examination report on *all* divisional patent applications which had been the subject of an objection in that examination report; or
3. the first examination report on *all* divisional patent applications which had been the subject of an objection in the first examination report and where that objection was based on the same grounds objected to in the examination report regarding the parent of the divisional application.
4. The Applicant further submitted that the Hypothetical Note clearly contradicts the “Standard Note” that the Commissioner includes in all examination reports, which reflects the operation of s 142(2)(e) of the Act and reg 13.4(1)(b):

You have 21 months from the date of this report to overcome all my objection(s) otherwise your application will lapse.

The Applicant finally submitted that the Commissioner would still be acting unlawfully if a reference to s 107 were added to the Hypothetical Note (ie resulting in the wording which appeared in the Examination Report: see [47] above).

1. In substance, the Applicant’s complaint was that the Commissioner cannot exercise the discretion to refuse a patent application under s 49(2) prior to the expiry of the 21 month Application Period: see [83] above. That submission fails to appreciate the relationship between ss 49(2) and 142(2)(e) of the Act.
2. As the Commissioner correctly submitted, the discretion under s 49(2) cannot be confined so as to operate only after the end of the Acceptance Period. Indeed, the Applicant’s construction would leave s 49(2) with no work to do; there would be no utility in exercising the power to refuse an application after the application has lapsed for the purposes of s 142(2)(e).
3. Further, the Policy is directed to ensure that in the circumstances it addresses, an examination response will occur well before the expiry of the Acceptance Period. It does not, in any circumstances, mandate the refusal of an application: see [34] above. For that reason, it cannot be said that the Commissioner’s adoption of the Policy entails the use of s 49(2) of the Act to circumvent the Acceptance Period prescribed by s 142(2)(e) and reg 13.4(1)(b).
4. Moreover, the exercise of the s 49(2) refusal power does not cut across reg 3.19(2). Regulation 3.19 entitled “Conduct of examination: standard patents” states:

(1) If the *Commissioner reasonably believes that there are lawful grounds of objection to the patent request or complete specification,* he or she must state the grounds of objection in reporting on an examination.

(2) The applicant may contest the objection in writing or ask for leave to amend the patent request or complete specification in accordance with Chapter 10.

(3) If the applicant asks for leave to amend a patent request or complete specification in response to, or in anticipation of, a report under section 45 or 48 of the Act, the Commissioner must examine the request and specification and report as if each proposed amendment had been made.

(4) If the applicant contests the objection, the Commissioner must examine the request and specification and take note of the matters raised by the applicant.

(Emphasis added.)

As is readily apparent, reg 3.19 does not identify any time limits for the applicant to contest an objection. In fact, s 49(2) and reg 3.19 do not intersect. They operate in different fields. Section 49(2) deals with refusal of an application where the circumstances in s 49(1) do not apply. Regulation 3.19(2) is directed to those circumstances where the Commissioner believes there are lawful grounds of objection.

1. These grounds of review are dismissed.

## Grounds 5 and 5A: The making of the First and Second Decisions was an exercise of a discretionary power in accordance with a rule of policy without regard to the merits of the particular case and was an exercise of a power that is so unreasonable that no reasonable person could have so exercised the power

1. Grounds 5 and 5A may be dealt with together as both grounds are based on substantially the same evidence.
2. The Applicant submitted that the First and Second Decisions represent the exercise of a discretionary power by the Commissioner in accordance with the Policy without regard to the merits. The Applicant further submitted that the First and Second Decisions were so unreasonable that no reasonable person could have made the decisions. The Commissioner rejected both those submissions.

### Parties’ submissions

1. The Applicant relied upon four documents, being:
2. An IP Australia Consultation Paper dated June 2009 entitled “Resolving Divisional Applications Faster – Toward a Stronger and More Efficient IP Rights System” (the **Consultation Paper**).
3. An extract from the Patent Manual of Practice and Procedure dated 1 March 2013 entitled “2.10.11 Case Management of Divisional Applications”.
4. An undated publication by IP Australia entitled “Divisional Case Management Frequently Asked Questions” (the **Frequently Asked Questions Publication**).
5. A letter dated 2 May 2013 and attachments from IP Australia in response to a freedom of information request made by the Applicant.
6. In relation to the Consultation Paper, the Applicant referred to the following passages:

**3. Summary of Proposals**

7. In order to reduce delays associated with resolution of divisional applications, IP Australia proposes several changes to the way in which divisionals are filed and processed...

…

**3.2 Case management of divisional applications**

…

16. In particular, the divisional application would be assessed as soon as a request for examination is received. Where the divisional application claims the same or substantially the same invention as claimed in the parent application the Commissioner would review the application, and where appropriate set the case for hearing. Similarly, where the divisional application essentially continues arguments that have led to an impasse during examination of the parent, or a related divisional application, then the case too would be set for hearing.

17. IP Australia expects that a hearing would result in the application being accepted or refused, *or in the Commissioner directing amendments be made. This is similar to the approach currently taken in situations where an examiner and an applicant have reached an impasse during examination of an application*.

(Emphasis added.)

The Applicant submitted that the emphasised passage indicates that, at least at the time of publication of the Consultation Paper, the Commissioner considered that it would be reasonable on her part to consider whether or not to exercise her power under s 107 of the Act to direct a patent applicant to amend “case managed” divisional applications.

1. The Applicant then contended that the Commissioner changed her mind between the publication of the Consultation Paper and the Policy and that the change is illustrated by the contents of the Frequently Asked Questions Publication. In relation to the Frequently Asked Questions Publication, the Applicant placed considerable reliance on the two paragraphs which appear under the question “Can I get an extension of the two month period?”:

If you do not respond in two months, a letter will issue setting a one month period for you to either respond to the examiner’s report or to file submissions to be considered by a hearing officer. However:

• if you do not respond within this extra month the application *will automatically be listed for refusal …*

• a short further extension can be obtained if you can satisfy the office that you are intending to respond, but need a short extra period to finalise the response. Applicants should contact the Supervising Examiner … to discuss their individual circumstances.

(Emphasis added.)

1. Next, the Applicant referred to the procedure to be followed by the Patent Examiners when they are examining a divisional application which is set out in the document listed at [96(2)] above. That procedure requires Patent Examiners to include a standard paragraph when:

An objection is raised in the first report on the divisional application for the same, or substantially the same, reason as an objection was raised in the report on the parent or other ancestor. In this regard, it is the existence of the same grounds for objection that is significant, rather than the wording or statutory basis of the objection used. (This includes an objection that there is no notice of entitlement, even when that was the only objection raised in relation to the relevant ancestor application).

1. The text of that standard paragraph is set out in the procedure and was that:

Objection(s) <1 and 2> of my report are based on the same grounds objected to in the examination of patent application ® <number>. **Please note that if a response overcoming those objections is not filed within two months of the date of this report the Commissioner will consider whether to direct amendment of the application under section 107 or proceed to refuse the application under section 49(2) of the Act.** If intending to proceed under either of these provisions the Commissioner will notify you in writing and indicate the time and place you may be heard on the matter. In deciding the matter the Commissioner will consider all possible grounds of objection to the application not only those identified above.

(Emphasis in original.)

The Examination Report on the Patent Application included that standard paragraph.

1. The Applicant also referred to the next step in the procedure to be followed by Patent Examiners:

Examiners must also send an email to OH&L/CBR/IPAustralia stating that the report has issued and indicating the application number and date of the first report. ... If no response has been filed, the Supervising Examiner … will determine what course of action to take, including setting the matter for hearing. Any inquiries from the applicant or attorney about the statement or a request for extension of the two month period should also be referred to the Supervising Examiner …

If a response is received within two months, examiners should make a decision as to whether or not the response is a serious attempt to meet the objections raised in the first report.

The Commissioner submitted that much of this material is irrelevant to any pleaded issue in these proceedings and should be put to one side.

1. At the hearing, Counsel for the Applicant raised a further contention that the Commissioner’s delegate had taken into account an irrelevant consideration, namely the time limits established by the May letter which asked for submissions and materials within two months (see [47] above) and then the September letter which invited submissions within one month (see [48] above).

### Analysis

1. These grounds of review are without substance.
2. The Policy (constituted by the procedure manuals published to staff of IP Australia under authority devolving from the Commissioner) includes passages that direct certain procedural steps for divisional applications but the Policy does *not* mandate refusal of applications, let alone without regard to the merits: see [34] above.
3. The Applicant submitted that although the Policy did not mandate refusal, the substance of the Policy was to refuse divisional applications where no response had been made within two months and no submission was received. The essence of the Applicant’s argument was that, in spite of the lack of any response by the Applicant to invitations to make submissions or propose amendments (see [47]-[48] above), it was inflexible or unreasonable for the Commissioner’s delegate to refuse the Patent Application, and that the same conclusions should be reached in numerous other cases where no response was received to an invitation in the same form. In the absence of any response by the Applicant (and, in like cases, by other applicants) to invitations to make submissions or propose amendments (eg, the May letter), and having regard to the objections identified in the Examination Report, refusal was not so unreasonable that no reasonable person could have made that decision.
4. Indeed, contrary to the factual premises on which the Applicant’s submissions were based, the record established that the objections were in fact reviewed at the time of the making of the Second Decision: see [77] and [78] above. In the circumstances outlined (including a failure to respond to the May letter and the September letter), that provides a further basis for concluding that the refusal was not so unreasonable that no reasonable person could have made that decision. The authorities cited by the Applicant (*Minister for Immigration and Citizenship v Li* (2013) 87 ALJR 618 and *The State at the Prosecution of Rajan v Minister for Industry and Commerce* [1988] FSR 9) are distinguishable. They both deal with a different statutory regime and different facts.
5. That leaves the point raised by the Applicant at the hearing – that the Commissioner’s delegate had taken into account an irrelevant consideration, namely the time limits established by the May letter and the September letter. Assuming in favour of the Applicant that it is entitled to raise this argument at this late stage, there are two complete answers to this contention. First, as explained at [89]-[92] above, there is no support for the contention that the refusal power in s 49(2) is somehow limited, or cut down, by the fact that an application otherwise lapses 21 months after the first examination report. Second, and in any event, the imposition of sensible, reasonable time limits in which to receive submissions on an application propounded by an applicant is consistent with the subject matter, scope and objects of the Act: *Project Blue Sky* at [91]. Put another way, the Applicant did not seek to address how an orderly timetable for submissions on directed issues was inconsistent with s 49(2).
6. These grounds of review are dismissed.

## Ground 6: Making of the Second Decision was a nullity and/or involved one or more errors of law

1. The Applicant asserted that the Commissioner could not refuse the application on 1 November 2012 because, pursuant to s 142(2)(d) of the Act, it had lapsed on 22 October 2012 because of a failure to pay a continuation fee for the Patent Application within the period prescribed by s 142(2)(d). The Applicant referred to *Esso Research and Engineering Co v Commissioner of Patents* (1960) 102 CLR 347 in support of the proposition that there is no power under s 49(2) of the Act to refuse to accept an application if, at the date of refusal, the application is lapsed.
2. This ground proceeds upon a fundamental misconception.
3. Under s 142(2)(d) of the Act, a complete application for a standard patent lapses if “the applicant does not pay a continuation fee for the application within the period prescribed for the purposes of this paragraph”: see [27] above. That prescribed period is the subject of regs 13.3(1) and (1A). Regulation 13.3 provides:

(1) For paragraph 142(2)(d) of the Act:

* + - 1. *a continuation fee for an application for a standard patent* is payable for a relevant anniversary at the last moment of the anniversary; and

(b) the period in which the fee must be paid is the period ending at the last moment of the anniversary.

(1A) However, if the continuation fee is paid within 6 months after the end of the *relevant anniversary* (***6 month period***):

(a) the period mentioned in paragraph (1)(b) *is taken to be extended until the fee is paid*; and

(b) the continuation fee includes the additional fee stated in item 211 of Schedule 7; and

(c) the additional fee is payable from the first day of the 6 month period.

…

(Emphasis in italics added, bold in original.)

1. “Relevant anniversary” is defined in reg 13.3(3) as an anniversary “of the date that would be the date of the patent if a patent had been granted on the application” and “that is mentioned in item 211 of Schedule 7”. That item relevantly mentions the fifth anniversary. The date of any patent granted on a divisional application would have the same date (under reg 6.3(7)(c) and s 65 of the Act) as the relevant parent application. The combined operation of regs 13.3(1) and 13.3(1A) is that it is only after the expiry of the additional six months referred to in reg 13.3(1A) that the period can be said to have expired for the purposes of s 142(2)(d). It is only then that the application “lapses” within the meaning of s 142(2) and the Act generally.
2. In the present case, the fifth anniversary of the Patent Application was 22 October 2012. However, the period prescribed by combined operation of regs 13.3(1) and 13.3(1A) for the purposes of s 142(2)(d) was the period ending six months later, on 22 April 2013.
3. Is there support for the contrary argument that the application had in fact lapsed? The Applicant contends that s 223 of the Act and *Lehtovaara v Acting Deputy Commissioner of Patents* (1981) 58 FLR 1 provide support for that view. I disagree.
4. If a continuation fee as prescribed by regs 13.3(1) and 13.3(1A) was not paid (including, where payment was after 22 October 2012, the additional fee mentioned in reg 13.3(1A) and item 211 of Sch 7) by 22 April 2013, then the Patent Application would lapse within the meaning of the Act. In that event, if the criteria for application of s 223 were met and subject to its various conditions and limitations, an extension of time could be granted for payment of the continuation fee and, in that event, it would be possible for the lapsed application to be restored: s 223(7).
5. In the present case, s 223 was not engaged. And there was no potential for s 223 to be engaged at any time before the Patent Application was refused on 1 November 2012. That is because, as at 1 November 2012, the Patent Application had not lapsed within the meaning of s 142(2)(d). This ground is dismissed.

## Ground 10 – Jurisdictional error for non-compliance with reg 22.22

1. Regulation 22.22 is at [22] above.
2. The Applicant submitted that before validly exercising the power to refuse the Patent Application under s 49(2) of the Act, the Commissioner was required to give 10 days’ notice in accordance with reg 22.22(1) of the Regulations of a time and place where the Applicant could be heard and that the September letter did not satisfy those requirements.
3. The September letter contained an invitation for submissions or amendments to be furnished within one month: see [48] above. This constituted sufficient compliance with the requirements of reg 22.22(1). The requirement for a fair hearing can generally be satisfied by giving the person affected an opportunity to make submissions and submit material in writing: *Kioa v West* (1985) 159 CLR 550 at 628. The September letter bore a statement of origin and clearly conveyed where such submissions or material could be sent. It also stipulated a time by when the submissions or material could be furnished. Although there are indications that reg 22.23 contemplates a *viva voce* hearing in multi-party cases such as oppositions, reg 22.22 does not do so. Further, reg 22.2G(5) contemplates that a hearing may be afforded “on the basis of written submissions”.
4. Moreover, even if the failure to provide a *viva voce* hearing did constitute non-compliance with reg 22.22(1), this did not result in invalidity. As was explained in the plurality judgment in *Project Blue Sky* at [91]:

An act done in breach of a condition regulating the exercise of a statutory power is not necessarily invalid and of no effect. Whether it is depends upon whether there can be discerned a legislative purpose to invalidate any act that fails to comply with the condition. The existence of the purpose is ascertained by reference to the language of the statute, its subject matter and objects, and the consequences for the parties of holding void every act done in breach of the condition. Unfortunately, a finding of purpose or no purpose in this context often reflects a contestable judgment. The cases show various factors that have proved decisive in various contexts, but they do no more than provide guidance in analogous circumstances. There is no decisive rule that can be applied; there is not even a ranking of relevant factors or categories to give guidance on the issue.

(Citations omitted.)

1. Section 49(2) of the Act conferred a discretionary power on the Commissioner which by implication from the legislation attracted the requirements of natural justice as a precondition of validity: see eg, *Re Refugee Review Tribunal; Ex parte Aala* (2000) 204 CLR 82 at [39]-[41]. Here, natural justice in connection with the making of the Second Decision was accorded to the Applicant by the provision of the September letter. It follows that the requirements of validity imposed by the Act itself were met. It cannot be concluded that reg 22.22, made for purposes ancillary to the Act itself, imposes a more stringent precondition for validity.
2. In other words, if reg 22.22(1) on its proper construction imposed an additional requirement that was not met by the September letter, it was nevertheless not a requirement the breach of which was intended by the legislature to result in invalidity: see *Project Blue Sky* at [91]-[93], [97] and [100].
3. The position in this case stands in contrast to the circumstances addressed by the authorities relied upon by the Applicant: *R v Thomas; Ex parte Sheldons Consolidated Pty Ltd* [1982] VR 617 and *SAAP v Minister for Immigration and Multicultural and Indigenous Affairs* (2005) 228 CLR 294. In neither of those cases could it safely be said that the requirements of natural justice implied by the Act in question were met. In the present application, natural justice and procedural fairness was accorded to the extent required by the statute. Those cases may be put to one side.

# DISCRETIONARY GROUNDS

1. Further and in any event, even if the Second Decision was held to be affected by jurisdictional error, relief would be refused on discretionary grounds for a number of reasons.
2. First, the availability of merits review is a well-established basis for the refusal of relief in judicial review: see, by way of example, *Kamha v Australian Prudential Regulation Authority* (2007) 98 ALD 49 at [9]-[11] and the cases cited therein. Here, the Applicant did not appeal from the Second Decision within time, and has not sought an extension of time in which to appeal (*de novo* on the merits), in spite of the avenue of appeal afforded by s 51 of the Act: see also Div 34.3 of the *Federal Court Rules 2011* (Cth). The fact that the Court had no power to permit or require amendments be made to overcome objections in relation to a patent application at the time of the Second Decision is irrelevant. An application for extension of time in which to appeal against the Second Decision was an avenue open at the time relief, by way of judicial review, was sought and remains an avenue available to the Applicant. No explanation has been given for the Applicant’s failure to appeal within time or at all.
3. Moreover, an appeal under s 51 of the Act is a more appropriate avenue for review. In order to appeal under s 51 of the Act, the Applicant would have to apply for an extension of time. On that application similar considerations would apply as those that arise in the context of discretionary refusal of relief under s 39B of the Judiciary Act. As the Commissioner submitted, because the merits of whether the Patent Application should be refused under s 49(2) may be determined in such an appeal, it is a less onerous avenue and would clearly be more time-effective and efficient.
4. Finally, delay, waiver, acquiescence or inconsistent conduct are grounds for refusal of relief: see *Ex parte Aala* at [5], [53]-[57], [148] and [172]. In the present case, there was and remains an unexplained failure by the Applicant to appeal to the Court from the Second Decision.

# CONCLUSION

1. For those reasons, the proceeding is dismissed. The Applicant will be ordered to pay the Commissioner’s costs of the proceeding, to be taxed unless agreed.

|  |
| --- |
| I certify that the preceding one hundred and twenty-eight (128) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice Gordon. |

Associate:

Dated: 8 October 2013

**ANNEXURE A – GROUNDS OF REVIEW**

2A. The making of the Second Decision was not authorised by the Patents Act.

**Particulars**

(a) In cases where there are lawful grounds of objection to a patent request or complete specification then the Respondent does not have power under the Patents Act to refuse to accept the patent request and complete specification without first considering whether or not to direct the patent applicant to file a statement of proposed amendments for the purpose of removing those grounds of objection.

(b) The Respondent did not consider whether or not to direct the Applicant to file a statement of proposed amendments to the patent request and complete specification of the Patent Application to remove the grounds of objection.

3. Further and in the alternative, the First and Second Decisions involved one or more errors of law.

**Particulars**

(a) The First and Second Decisions together operated to deprive the Applicant of the 21-month period which is prescribed by regulation 13.4(1)(b) of the Patents Regulations within which to place the Patent Application in order for acceptance.

4. Further and in the alternative, the making of the First and Second Decisions were an improper exercise of the power conferred by the Patents Act.

**Particulars**

(a) The First and Second Decisions operated to deprive the Applicant of the 21-month period which is prescribed by regulation 13.4(1)(b) of the Patents Regulations within which to place the Patent Application in order for acceptance.

5. Further and in the alternative, the making of the First and Second Decisions was an exercise of a discretionary power in accordance with a rule or policy without regard to the merits of the particular case.

**Particulars**

* + - 1. The First and Second Decisions were an application of a policy which is described as “Case Management of Divisional Applications” (the Divisionals Case Management Policy).

(aa) Under the Divisionals Case Management Policy, if a patent applicant does not, in response to a hearing notice either file submissions or propose amendments to the patent application, then the Respondent proceeds to refuse to accept the patent application.

* + - 1. In applying the Divisionals Case Management Policy, the Respondent refuses to accept patent requests and complete specifications in cases where she has actual or constructive knowledge that lawful grounds of objection to the patent request or complete specification could be removed by appropriate amendments.

(c) The Respondent had actual or constructive knowledge that the grounds of objection to the patent request and complete specification of the Patent Application could be removed by amendment.

5A. Further and in the alternative, the making of the First and Second Decisions was an exercise of a power that is unreasonable that no reasonable person could have so exercised the power.

**Particulars**

(a) The First and Second Decisions were an application of the Divisionals Case Management Policy.

(b) Under the Divisionals Case Management Policy, if a patent applicant does not, in response to a hearing notice, either file submissions or propose amendments to the patent application, then the Respondent proceeds to refuse to accept the patent application.

* + - 1. In applying the Divisionals Case Management Policy, the Respondent has refused to accept patent requests and complete specifications in cases where she had actual or constructive knowledge that lawful grounds of objection to the patent request or complete specification can be removed by appropriate amendments.

(d) The Respondent had actual or constructive knowledge that the grounds of objection to the patent request and complete specification of the Patent Application could be removed by amendment.

6. Further and in the alternative, the making of the Second Decision was a nullity and/or involved one or more errors of law.

**Particulars**

…

(b) Section 142(2)(d) of the Patents Act and regulation 13.3 of the Patents Regulations required that a continuation fee be paid in respect of the Patent Application by 22 October 2012. That fee was not paid by 22 October 2012 and the Patent Application lapsed on that date for failure to pay the continuation fee. The patent application was in a state of lapse on 1 November 2012, which was the date of the Second Decision. The Second Decision was a nullity and/or involved an error of law because the Respondent has no power to make any decision in respect of a lapsed patent application.

1. Further and in the alternative, the Respondent acted in excess of jurisdiction in making the Second Decision.

**Particulars**

(a) Sub-regulation 22.22(1) of the Patents Regulations requires that, before the Respondent could exercise the discretionary power of refusing to accept the Patent Application adversely to the Applicant, the Respondent give the Applicant at least 10 days notice of the time when, and the place where, the Applicant may be heard in relation to the exercise of the power.

(b) The giving of the notice required by sub-regulation 22.22(1) was a condition precedent to the Respondent having jurisdiction to exercise the discretionary power of refusing to accept the Patent Application under sub-section 49(2) of the Patents Act.

(c) The letter dated 6 September 2012:

…

(iii) did not give the Applicant notice of:

(A) the time when; or

(B) the place where,

the Applicant could be heard in relation to the exercise of the discretionary power of refusing to accept the Patent Application under sub-section 49(2) of the Patents Act.

**ANNEXURE B – OH&L ADMIN MANUAL**

**Step 1 – Email received from examiner**

1. Examiners will advise, via the OH&L email, that an examination report has been issued with a two (2) month response period. The email may refer to *H40 PERP code* used for divisionals.

2. Diary the application number in POAS for 2 months + 7 days from the date of the report with the comment **Divisional – if no response received send stage 2 letter** – diary example

**Note**: If a response to the 1st report is received the examiner should advise via the OH&L email.

**Step 2 – The Diary**

1. When the **Divisional – if no response received send stage 2 letter** appears in the diary, check in PAMS for a response to the examination report.

* If there has been a response filed, edit the line in the electronic diary and change the status of the task to **Completed**. No further action is required.
* If no response has been filed, check that the *In Force* date in PAMS is in the future.

2. If this date is in the past, re-diary the application in POAS for 6 months + 14 days from the *In Force* date (*diary example*).

3. Edit the old entry in the POAS diary and change the *Task status* to **Completed**.

4. If the application is in force and no response has been received, print out the examination report and place in the tray labelled **Divisional/Exam Obj** on the OH&L sorting table.

5. Edit the line in the POAS diary and change the *Task status* to **Completed**.

**Step 3 – Sending the Stage 2 letter**

1. Process the examination reports sitting in the **Divisionals/Exam Obj** tray on the OH&L sorting table. Wait until 2 weeks after the expiry of the 2 month period, in case a response is received late.

2. Re-check in PAMS that the application is in force and no response has been received.

3. Check that the H40 PERP code text (will be in bold) has been inserted in the second paragraph of the examination report.

4. Prepare a blue A4 folder with the *Examiners Objections (Divisionals)* proforma completed and attached to the front. The proforma is located at *O:/ExaminersObjections/Proformas/Divisional Proforma* - example of proforma

5. Place the examination report inside the blue folder.

6. In PAMS edit eCase click [symbol] and create the Stage 2 letter (*example*). The text of the letter is in *O:/Examiners Objections/Proformas/ Request for Submissions*.

At the top of the letter insert the following text:

**This correspondence has been sent via facsimile. A confirmation copy will not be sent**.

7. Type the Applicant’s reference and the date of the 1st examination report, then fax to addressee.

8. Diary in POAS for 1 month + 7 days (*diary example*). The *Task Summary* is **Divisional – submissions due**.

9. Place the blue folder [in numerical order} on Divisional/Examiner Objection shelf in the compactus.

**Step 4 – Pass file to Delegate for a Decision**

1. When the diary entry **Divisional – submissions** **due** appears in the diary, check in PAMS for any response to the Stage 2 letter.

* If there is a response, then we do not need to take any further action. The blue folder can be dismantled and recycled.
* If there is no response to the Stage 2 letter, check the *In Force* date in PAMS.

- If this date is in the past, or due within the next month, attach to the front of the blue folder, a completed orange ***Lapsed check list*** (located at *O:/ExaminersObjections/Proformas/Lapsed Check List*). Diary for 6 months + 14 days from the *In Force* date with the *Comment* **send for decision if restored**. Place the folder [in numerical order] on the Divisional/Examiner Objection shelf in the compactus.

- If the *In force* date is in the future, attach to the front of the blue folder, a completed yellow ***No response checklist*** (located at *O:/Examiners Objection/Proformas/No response Check List*). Place the folder in the trolley for dispatch to the Supervising Examiner responsible for issuing the decision.

2. Edit the line in the POAS diary and change the *Task status* to **Completed**.

**Step 5 – Issue the Decision**

The decision is issued using the normal procedures for issuing a decision, except for the following points.

1. The decision folder is **blue** not **red**.

2. There is only the one party to write to (as this is an examiners objection, not an opposition)

3. There will only be one party to refer to in the title line when emailing Austlii

4. Create the covering letter for the decision in PAMS using Create Carro. The text is **Please find attached a copy of the decision of the Delegate of the Commissioner**.

5. Diary in POAS for 28 day appeal period + 7 days.

6. Place a post-it note on the front of the blue folder with **Appeal Period Up** and the date entered in the diary.

7. Place the folder [in numerical order] on the Divisional/Examiner Objection shelf in the compactus

**Step 6 – Refusing the application**

When the diary entry for the appeal period appears, locate the file in the Divisional/Examiner Objection shelf of the compactus.

1. Edit the line in the POAS diary and change the *Task status* to **Completed**.

2. Follow the normal Refusal procedure, remember to advertise the refusal in the Supplement to the AOJP.

3. The blue folder can be recycled, the signed decision is placed in the decision box in the compactus, the rest of the paperwork in the folder can be destroyed.

4. We do not need to write to the applicant regarding the refusal as the decision has already informed them that the application is refused.