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Welcome

The process of securing or enforcing intellectual property rights can sometimes take many years. In this edition of *Inspire*, we look at a number of cases in which decisions made at an early stage in the process had profound implications later on. In *Frucor v TCCC*, the trade mark applicant was unable to establish that it had a reputation in the colour green, in part because it was unclear which shade of green was the subject of the application. This was the result of a disconformity between the written and visual descriptions of the mark in the application as filed.

Matthew Overett reports on the prosecution of a patent family in which the original application was rejected by the patent office for failing to disclose the best method of performing the invention.

While the applicant was able to circumvent the issue by filing a divisional application which corrected this deficiency, the approach taken by the patent office may have a sting in the tail for those filing divisional applications.

The decision in *Gram v Bluescope* highlights the difficulty of proving the damage caused by infringing conduct which may have taken place many years in the past. While the Court is willing to accept that a degree of speculation or guesswork may be necessary, a claimant must still prove their case. This can be challenging, particularly where records of what occurred during the period of infringement are sparse.

Also in this edition, Alexis Keating discusses the dangers of making unjustified threats of infringement, Chris Schlicht delves into the world of superhero licencing, David Longmuir asks whether a trade mark can be too famous and we say congratulations to our new Partners and Associates.

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Congratulations to our new Partners and Associates

We are delighted to announce our new appointments for 2018 – David Longmuir and Raffaele Calabrese as Partners in our Melbourne and Adelaide office, and Dr Matthew Overett and Dr David Hvasanov as Associates in our Melbourne and Sydney office.

David Longmuir joined in 2003 and is part of associated law firm, Phillips Ormonde Fitzpatrick Lawyers. He has an extensive practice in patents, trade marks and plant varieties and has acted for several of our major clients in complex contested opposition and litigation work.

Raffaele Calabrese is a member of our Electronics Physics and IT team and has been with POF since 2011. He has a strong and established patent drafting and prosecution practice, with experience in protecting inventions relating to ICT, software and engineering.

Dr David Hvasanov joined POF in 2014. A member of the Chemistry Life Sciences team, he has experience in drafting and prosecuting patent applications in chemistry and applied chemistry both in Australia and overseas. He recently relocated to our Sydney office, bolstering the firm's service offering in this market.

Dr Matthew Overett joined POF in 2015, and although only relatively recent to the profession, he moved quickly to registration. Most recently, he has been drafting and prosecuting patent cases for a range of important clients in our Chemistry and Life Sciences team.

What a Crocker... Groundless threats result in permanent injunction

It's risky business bringing proceedings for IP infringement without proper legal advice.

A self-represented Debra Crocker learnt this the hard way over a series of court proceedings, which saw her sentenced to time in prison for contempt of Court and prohibited from instituting proceedings in the Federal Court with limited exception.

Following these recent proceedings[1], Justice Reeves of the Federal Court made orders restraining Ms Crocker from making further unjustified threats of infringement proceedings and repeating false, misleading or deceptive representations in contravention of ss 18 and 29 of the Australian Consumer Law (ACL).

Background

In the mid-90s, Ms Crocker operated a company that manufactured and supplied child car-safety restraints. When the company ceased trading in 1998, one of its customers, Infa Products, began manufacturing the child restraints itself, marketed as the 'Securap'.

In 2006, Infa Products agreed to pay Ms Crocker a royalty, in the belief she held a patent over the Securap. However, it declined to make further payments, when it came to light that the patent had lapsed. The company (and its corporate successor, Infa-Secure) then continued to market the Securap until 2014.

In 2014, Ms Crocker commenced proceedings against Infa-Secure and three of its retail customers for trade mark infringement, copyright infringement, misleading or deceptive conduct and passing off.

Proceedings against Ms Crocker

Before discontinuing the proceedings against Infa-Secure, Ms Crocker sent a series of inflammatory emails to retailers of baby/children's products, which included untrue representations that:

- **Infa-Secure infringed Ms Crocker's intellectual property by supplying the Securap**
- **Infa-Secure committed a criminal offence by supplying the Securap**
- **the addressees would commit a criminal offence by supplying the Securap**
- **retailers of the Securap would be liable to account to Ms Crocker for proceeds of the sales**
- **those trading in the Securap were liable to civil suit by consumers purchasing the Securap**
- **Ms Crocker was entitled to possession of Securaps in a trader's possession**
- **Infa-Secure and the retailers acted in disregard of children's welfare in trading in the Securap.**

In response, Infa-Secure brought separate proceedings against Ms Crocker, claiming her representations were false, misleading or deceptive in contravention of ss 18 and 29 of the ACL. Infa-Secure sought an interlocutory injunction restraining Ms Crocker from repeating the representations and she gave undertakings to this effect.

"Ms Crocker's various proceedings serve to highlight the importance of exercising self-restraint in alleging infringement of your IP.

However, she was later found guilty of contempt of Court for breaching her undertaking[2] and was sentenced to a term of 13 weeks imprisonment (11 weeks of which were suspended).

Infa-Secure then sought a permanent injunction against Ms Crocker, restraining her from repeating the representations. It further sought a declaration under s 202 of the Copyright Act that Ms Crocker's threats of action for copyright infringement were unjustifiable, together with an injunction against the repetition of such threats.

In May 2018, Justice Reeves found that Ms Crocker had contravened ss 18 and 29 of the ACL and that Infa-Secure was entitled to the above relief.

Look before you leap – always seek advice first

Ms Crocker's various proceedings serve to highlight the importance of exercising self-restraint in alleging infringement of your IP. Tread carefully and always with legal advice, as certain representations may amount to false, misleading or deceptive conduct. Furthermore, threatened parties can apply to the Court for relief, including an injunction to prevent further threats and damages for loss suffered as a result of the threat[3].

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[1] *Infa-Secure Pty Ltd v Crocker (No 3) [2018] FCA 605*
[2] *Infa-Secure Pty Limited v Crocker [2015] FCA 830*
[3] *See Trademarks Act 1995 (Cth) s 129, Patents Act 1990 (Cth) s 128, Designs Act 2003 (Cth) s 77 and Copyright Act 1968 (Cth) s 202*

First of its kind: Injunction restraining launch of biosimilar granted in Australia

The first interlocutory injunction restraining the launch of a biosimilar pharmaceutical product was granted by the Federal Court of Australia in a decision on 12 June 2018[1].

Background

The decision concerns the monoclonal antibody **rituximab**, a biologic therapy which is prescribed in Australia to treat a number of immunology conditions including lymphoma, chronic lymphocytic leukaemia and rheumatoid arthritis.

The applicants, F. Hoffman-La Roche AG and its Australian subsidiary Roche Products Australia Pty Ltd (Roche), own four patents relating to methods of use of rituximab in the treatment of a number of specified medical conditions. They supply a number of products in Australia under the MABTHERA brand which have rituximab as their active ingredient.

The respondent, Sandoz Pty Ltd (Sandoz), are planning to launch two biosimilar products called RIXIMYO. They have obtained regulatory approval of similar scope to MABTHERA. Sandoz also applied to have RIXIMYO listed on the Pharmaceutical Benefits Scheme (PBS), with a view to launch later this year.

Roche, concerned that the effect of the PBS listing would be to cause a sequence of irreversible and harmful consequences to it, sought interlocutory relief preventing Sandoz from infringing five claims of four of their patents relating to rituximab.

The law applicable to interlocutory relief

The two main principles concerning the grant of interlocutory relief are:

- **whether the applicant for relief has established a prima facie case**
- **whether the balance of convenience and justice favours the grant or refusal of an injunction.**

The question of arguable case

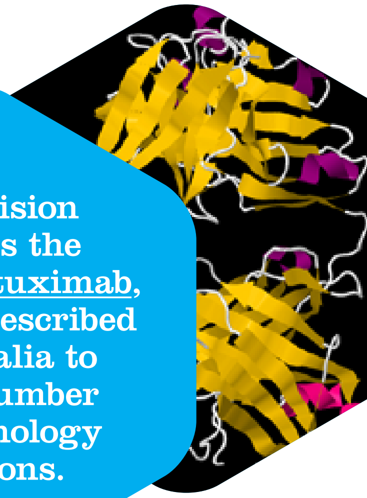
For the purposes of the present application, Sandoz accepted that its proposed conduct would have infringed Roche's asserted claims. Nevertheless, Sandoz contended they had established a strong case that the asserted claims are invalid for lack of inventive step.

Roche responded that the case advanced by Sandoz on the cross-claim was arguable, but no more, submitting that the overwhelming strength of its infringement case is not weakened by the existence of a merely arguable cross-claim.

With the question of Roche's claim of infringement made out, the question before the Court was the strength of Sandoz's invalidity challenge. Upon consideration of conflicting evidence from a range of experts in relation to all four patents, Burley J surmised that the evidence did not permit any provisional conclusion as to the validity case beyond the observation that it is arguable.

The balance of convenience

Roche submitted that several factors favoured granting interlocutory relief - particularly that the launch of a generic rituximab would cause losses to Roche that could not be adequately calculated or compensated by an award of damages. These included, for example, a 16% price drop mandated by the PBS, as well as loss of market share and loss of goodwill.



> **“The decision concerns the antibody rituximab, which is prescribed in Australia to treat a number of immunology conditions.**

Sandoz submitted that the potential losses outlined by Roche were overblown and that its own losses by the granting of an injunction, which may later be overturned, would be harder to calculate and would result in greater irreparable harm.

Ultimately, Burley J found that the balance of convenience and justice favoured granting an injunction against Sandoz until 11 August 2019, the date upon which the first of the Roche patents is set to expire. Roche have also been granted leave to apply for continuation beyond this date, depending on circumstances at that time.

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[1] *F.Hoffman-La Roche AG v Sandoz Pty Ltd [2018] FCA 874*

The Coca-Cola Company wins green trade mark fight

TCCC has scored a big victory over Frucor in its battle over the colour green.

Justice Yates handed down his decision in the appeal between Frucor Beverages Limited and TCCC on Monday 2 July, 2018[1]. Frucor had sought to register a particular shade of the colour green as a trade mark in relation to energy drinks. TCCC had opposed the application and had succeeded in its arguments before the Registrar of Trade Marks.

Frucor appealed the Registrar's decision and the appeal was heard last year. TCCC argued that Frucor had not demonstrated that the colour green used on the V brand Energy drinks had operated as a trade mark. It was telling that Frucor sold other variants of its energy drinks in different coloured packages. Its lemon "V" energy drink was, for example, sold in a yellow container not a green one. Justice Yates agreed.

The Court was also of the view that consumers would see the "V" brand as the trade mark and would associate green with the core product in the "V" offering, but would not see the colour as a trade mark. The survey evidence presented by Frucor did not assist matters, as Justice Yates did not consider that the questions were directed at the crucial issue of whether consumers saw the colour as an indication of trade origin.

> "The crucial issue [was] whether consumers saw the colour as an indication of trade origin.

To make matters worse for Frucor, the application when filed did not include a swatch having the correct colour green. There was disconformity between the Pantone number mentioned on the application and the actual representation attached to the application. The Court found that this disconformity was fatal. Frucor couldn't establish that the mark was distinctive when it was not clear what shade of green was the subject of the application. Frucor attempted to amend its application to correct this error, but Justice Yates found that correction of a mistake was a matter for the Registrar, and in any event, amendment of this type was now precluded because of the delay.

Whilst the Trade Marks Act introduced the possibility of colours being registered as trade marks in 1995, this is another example of the difficulties inherent in showing that a colour truly operates to indicate trade origin.

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[1] *Frucor Beverages Limited v The Coca-Cola Company [2018] FCA 993*

Can a trade mark be too famous?

The Federal Court has dismissed an appeal by telecommunications giant Singtel Optus from a decision of the Trade Marks Office, rejecting its opposition to health information technology and services company Optum's application for registration of its OPTUM trade marks[1].

“ The decision suggests that owners of famous trade marks may find it difficult to take action against use of similar marks by third parties.

The decision suggests that owners of famous trade marks may find it difficult to take action against use of similar marks by third parties. The decision also appears to have significantly expanded the "other circumstances" that would permit acceptance or registration of trade marks over earlier substantially identical or deceptively similar marks.

Comparing OPTUS and OPTUM

The Court rejected the submission that the marks were substantially identical, noting the letters "S" and "M" were not visually similar, differed in sound and affected how the words are pronounced to make words aurally distinct. Even when emphasis is placed on the first syllable of each word, the visual and aural differences produced by the different last letter of each word were found to make the marks sufficiently different to distinguish them on a side by side comparison.

Further, the Court accepted that the OPTUM marks were not deceptively similar to the prior OPTUS mark. The aural and visual differences were such that as a matter of impression and common sense, a person of ordinary intelligence would not be likely to be confused or deceived by the OPTUM mark, even allowing for an imperfect recollection.

It was considered that the fame of the registered OPTUS marks reduced the chances of a consumer's imperfect recollection of them. A trade mark owner's reputation in a particular mark is not a relevant consideration in the assessment of deceptive similarity. However, in assessing the nature of a consumer's imperfect recollection of a mark, the fact that the mark is notoriously ubiquitous and of such long standing that consumers generally must be taken to be familiar with it may be relevant. The Court found that the fame of the OPTUS mark with respect to telecommunication services reduced the chances of a consumer's imperfect recollection of them such that there was no real risk of confusion between the marks.

"Other circumstances"

Interestingly, the Court also held that even if the marks were deceptively similar, there were other circumstances within the scope of section 44(3)(b) which meant that it would be proper to permit registration of the OPTUM marks. These factors included that the Optum marks use the company's name, and that given its extensive use overseas in relation to services in the healthcare industry it would cause substantial prejudice to Optum if it was unable to use its marks in Australia. Despite the marks only coexisting after the priority date, the fact that there was no evidence of actual confusion was also a relevant factor in permitting registration.

This aspect of the decision appears to significantly broaden the "other circumstances" which would justify acceptance and registration of a mark and do not reflect current Trade Marks Office practice.

Finally, the Court held that the reputation which existed in the OPTUS marks did not preclude registration of OPTUM. Optus' reputation was found to be limited to telecommunications and did not extend to the services in respect of which Optum sought registration. Consistent with the findings in relation to deceptive similarly, it was also noted that the differences in the marks and the strong reputation in the OPTUS mark in relation to telecommunications made it unlikely that consumers would be confused or deceived by the use of the OPTUM marks.

The decision highlights that in cases of well-known or famous trade marks, the Court will be reticent to make allowance for the imperfect recollection a person may have of a trade mark in an assessment of deceptive similarity or the likelihood of deception or confusion. It also appears that extensive use of a trader's own name in other jurisdictions, together with co-existence of marks in Australia without confusion, may be sufficient to permit acceptance or registration of a mark despite an earlier conflicting registration.

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[1] *Singtel Optus Pty Limited v Optum Inc [2018] FCA 575*

The marvellous world of superhero licensing

The Marvel Studios franchise has enjoyed unprecedented box office success over the last decade. Much of Marvel's cinematic world revolves around The Avengers, arguably one of the studio's most popular film franchises right now.

For a shared fictional universe as vast as the one Marvel have presented, there have been surprisingly few issues in production. However in 2013 when details of the second Avengers film, Age of Ultron, were being released, an interesting IP dispute raised its head. Specifically, there were some additions to the Avengers family – Quicksilver and Scarlet Witch – that fans of the original comics had seen before in another successful movie franchise, X-Men.

But why would this cause confusion?

The character of Quicksilver is famously a mutant and a key part of the X-Men comic books. Crucially, Marvel does not own the rights to the X-Men, they're instead owned by 20th Century Fox (Fox). Back in 1993, when Marvel Studios was struggling financially, they licensed out some of their characters to various other studios, while keeping the rights to The Avengers. Fox took advantage of the situation and bought the film rights for the X-Men. From the first instalment of the X-Men film franchise in 2000, it was established that Fox held the reputation for the X-Men and the mutant superheroes that make up that team.

> "There are a number of characters that branched over a complicated middle ground of IP between the two studios.

So what was the problem with Quicksilver?

There are a number of characters that branched over a complicated middle ground of IP between the two studios. The rights affected both Quicksilver and Scarlet Witch, but to date only the former has been cast in both an X-Men film and an Avengers film. Quicksilver (aka Pietro Maximoff) first appeared in the X-Men comics in 1964, created by writer Stan Lee and artist Jack Kirby. He is a mutant that can move at lightning speeds and notably was revealed to be a son of Magneto, one of the most famous X-Men villains. Problematically, over the course of the comics, he became a crucial part of both the X-Men and The Avengers.

This meant that both Marvel and Fox would have rights to use aspects of the copyright relating to Quicksilver under the licensing agreements. Both films were therefore allowed to depict Quicksilver on screen. For Fox, this was straightforward – no mention of The Avengers. But there were some caveats on Marvel's use of the character. The key ones being that in The Avengers universe, Marvel cannot refer to Quicksilver as a mutant, or depict any connection to the X-Men or Magneto.

In Age of Ultron, Marvel took extra steps to distance themselves from any overlap. Notably, "Quicksilver" was referred to solely by his name, Pietro Maximoff, in the film and the character was of Eastern European descent. Additionally, the word "enhanced" was used to explain his powers, with amendments to his backstory such that they were formed through experimentation by Hydra, a villainous organisation portrayed in the Marvel films.

Based on the continued expansion of the Marvel universe and the number of licensing agreements that stem back to the decisions the studio made in the 90s, there was the possibility of further conflicts arising. However, the recent purchase of Fox Studios by Disney should clear up the murky overlap between the studios, bringing the X-Men under the same umbrella company as Marvel. The manner by which each studio dealt with Quicksilver ended up being an intriguing case study in how shared IP rights in elements of a character could be similarly depicted in two separate media entities.

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Co-Authored by Amanda Morton

Australia opines on designs: No agreement on the Hague Agreement

The economic question of whether Australia should join the Hague Agreement concerning the International Registration of Industrial Designs has been considered in a recent report issued by IP Australia.

Public consultation on this report concluded in May this year, with the public's response being largely critical. It was asserted that, when assessing the costs and benefits of joining the Hague Agreement, the costs were vastly overstated and the nature of the monopoly of a Registered Design was not property understood.

In light of this feedback, IP Australia is currently reviewing its position, and will provide a response in the near future.

Background

In recent times, Australia has been experiencing a boom in public consultations and reform in intellectual property. Industry groups, the profession, and individuals could be forgiven for having 'consultation fatigue' - providing comment over the last few years on everything from the trans-Tasman patent examination, trans-Tasman patent attorney registration, right through to the attempted abolition of Australia's innovation patent system.

Most recently, interested parties have been asked to provide comment on an economic report from IP Australia as to whether Australia should join the Hague Agreement.

Wizened designs law trainspotters might say Australia's talk of joining the Hague Agreement is as old as the Hague Agreement itself (which in its original form dates back to 1925). In contrast, Australia joined the Patent Co-operation Treaty in 1980 (a little over two years from when it first entered into force) and the Madrid Protocol for Trademarks in the early 2000's (a little over ten years after it first entered into force).

Anecdotally, the lack of impetus for Australia to join the Hague Agreement over the years has stemmed from the:

- **(relatively) low number of design filings**
- **fact that a number of Australia's larger trading partners were not party to it**
- **cost, in light of all of the above.**

However, in the last few years, the situation has changed with a number of Australia's largest trading partners – notably Japan, US, UK and Korea – joining the Hague Agreement. There is also an indication from China, Canada and Thailand that they too will join the Hague Agreement in the near future.

Review of the Designs Act 2003

Australia's 'new' Designs Act 2003 (which replaced the 1906 Act) was reviewed three years ago by the Australian Council on Intellectual Property (ACIP). One of the recommendations of the ACIP report was:

> *Amending the Designs Act to bring Australian designs law into better alignment with equivalent laws of major trading partners, international treaties and proposed international treaties such as the Hague Agreement and the Designs Law Treaty (including extending the maximum term of protection of designs from 10 years to 15 years).*

The Economic Report

In 2018, in response to the ACIP recommendation, IP Australia completed a report which investigates the implications of Australia joining the Hague Agreement. The report is largely an economic analysis which explores the costs and benefits to Australia of joining the Hague Agreement. The report found that joining would result in both advantages and disadvantages, concluding that the economic costs outweigh the benefits.

Advantages

- Saving on Government fees via Hague Agreement.
- Red tape savings (including professional fees) for filing, translation, examination and renewals.
- Incentivise additional innovation and designs (ease of filing and possible 15 year term).

Disadvantages

- Australian consumers will pay more to foreign designers (extended 15 year monopoly for designs - more international design filings in Australia).
- Australian IP professionals receiving less business (non-resident applicant who would have engaged an Australian IP professional to file, prosecute, and manage a direct application, instead switches to the Hague system and has their local IP professional file and manage the Hague application).
- IP Australia incurring setup costs in the accession to the Hague agreement.
- Australian firms and designers having to avoid more design rights.
- Non-IT set up costs for the Government, such as the costs of training examiners, making legislative amendments, and costs associated with the treaty making process.

> “Australia has been experiencing a boom in public consultations and reform in intellectual property.

Public consultation on the Economic Report

As previously mentioned, public consultation on IP Australia's report to provide feedback on the methodology and assumptions of the economic analysis concluded in May this year. Public response to consultation has been largely critical of the report. Some submissions asserted that some of the costs were vastly overstated and that the nature of the monopoly provided by a Registered Design is not properly understood in the economic analysis, with the majority of the assumptions made therein simply assumptions with no real basis in reality.

IP Australia has advised that it is considering submissions lodged and will developing a response to this consultation which will be provided in the near future.

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Damages for design infringement – an exercise in guesswork?

The two key remedies sought by intellectual property owners in infringement cases are an injunction to stop the infringing conduct and compensation in the form of damages or an account of profits.

Typically, the Court will determine the question of infringement separately and prior to considering what, if any, compensation should be awarded. In many instances the issue of compensation is resolved between the parties without the need for judgement. However, this was not the case in the long running design infringement dispute between Gram Engineering and Bluescope Steel. The recent decision of the Federal Court[1] provides a useful reminder of the principles to be applied in assessing damages for IP infringement.

Gram elected to calculate its compensation by reference to the damage caused by the sale of Bluescope's infringing Smartascreen fencing panel. Although sales of the Smartascreen product had commenced in 2002, Gram did not commence proceedings until 2011 and so the six year limitation period meant that no claim could be made in respect of conduct occurring before 2005.

Gram sought to calculate its damage on the basis that its business had grown rapidly up until 2002 when the Smartascreen product entered the market and thereafter suffered a decline in sales. Gram claimed that but for the infringing conduct, its business would have continued to grow as it had previously. The Court considered this approach to be problematic for a number of reasons including that it was based on Gram's total sales rather than sales of Gram's products which competed with Smartascreen.

> **"This [case] highlights the importance of maintaining good records relating to any loss suffered as a result of IP infringement.**

Further, it took no account of the actual sales of Smartascreen made by Bluescope or of other changes in the market during the infringement period including the introduction of other competing products.

Bluescope contended that damages should be calculated on the basis of the lost sales to Gram being a percentage of its total sales of Smartascreen. It argued that because Gram had not provided any evidence that sales of Smartascreen represented lost sales to it and that its own evidence indicated that Gram was unlikely to have made such sales, the percentage should be low in the order of 5%.

In assessing damages, the Court noted the general proposition that speculation and guesswork may be required and are permissible. Once some level of loss was proven, doubts should be resolved against the infringing party and damages assessed with a 'liberal hand'. While accepting that damages should be calculated as a percentage of Bluescope's sales, the Court considered that 5% was too low. The Court inferred that Smartascreen, which was found to be an obvious imitation of Gram's registered design, was intended by Bluescope to be directly substitutable for Gram's products. Gram's declining sales after 2002 was a strong indicator that this intention was in fact achieved.

Bluescope's evidence that its customers would not have purchased Gram's products was largely discounted because those customers were resellers rather than end users. If the Smartascreen product had not been available, demand for Gram's products via its own resellers would have been higher, leading to greater sales for Gram. Bluescope's resellers would still have been in competition with Gram's, but would have done so without the benefit of Smartascreen.

While the Court took account of other market factors including the introduction of third party competing

[1] *Gram Engineering Pty Ltd v Bluescope Steel Ltd [2018] FCA 539*

products, it also noted that Gram's sales began declining from 2002, prior to those products coming onto the market. Ultimately the Court found that damages should be assessed based on Gram having lost sales volume in an amount equal to 25% of Bluescope's actual sales volume of the infringing Smartascreen product as well as an equivalent proportion of sales of associated parts and accessories sold along with the infringing goods. This equated to an amount in excess of AUD2 million with a further amount in excess of AUD2 million awarded in interest.

Although the damages awarded to Gram were significant, the evidence it put forward to substantiate its loss was criticised as being less helpful than it might have been. This may have been because it simply did not have sufficient proof of the damages it believed it had suffered. Although rarely required in Court, this highlights the importance of maintaining good records relating to any loss suffered as a result of IP infringement.

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Omission of best method disclosure can be rectified in a divisional application

The Patent Office decision in Merial v Bayer[1] earlier this year highlighted the grave risks of failing to disclose the 'best method known to the applicant of performing the invention' as required by section 40 of the Australian Patents Act.

Omission of a best method disclosure can have catastrophic consequences for patent applicants in Australia, regardless of any wilful intent to conceal key aspects of the invention. Applicants are thus advised to proactively address best method issues, in collaboration with their Australian patent attorneys, prior to filing their application.

However, a question that was left open from this decision was whether such a failure might be remedied by filing a divisional application with the necessary disclosure added to the specification. A much more recent acceptance of a divisional application indicates that – in the view of the patent office at least – the answer to this question is yes.

Applicants should therefore note the possibility of side-stepping a patent validity issue by filing a divisional application which includes an adequate disclosure of best method. It remains to be seen, however, whether the courts will find that section 40 imposes an onerous obligation to disclose the current understanding of best method when filing divisional applications.

The latest case

In Kineta, Inc[2], the patent office refused AU2012315953 on the basis that the specification taught no method (and thus omitted the best method) of obtaining the therapeutic compounds claimed in the application. Since the application was subject to the post-Raising the Bar provisions of the Patents Act, the specification could not be amended to add the necessary best method disclosure.

Kineta then filed divisional application AU2017254812, which disclosed that the compounds had been sourced from a contract manufacturer (known to Kineta when filing the parent) and also described the synthetic methodology (which Kineta did not know at the parent filing date). The application has recently been accepted without objection from the Examiner.

Date when best method must be disclosed?

Although case law is inconclusive on the point, it is generally accepted that the best method disclosure obligation must be fulfilled at the filing date of an application. For a divisional application, however, the further question is whether the relevant filing date is that of the divisional application itself or of the original parent application.

Given the acceptance of AU2017254812 after the refusal of its parent, the patent office has apparently concluded that the relevant date is the divisional filing date. This contrasts with the requirement that an enabling disclosure of the invention must be found in the parent specification if divisional status is to be claimed.

Unintended consequences?

While providing a happy outcome for the applicant in this case, the patent office's interpretation raises a troubling question: does the applicant have a duty to disclose their current understanding of best method in the divisional specification, or is it sufficient to rectify – at the divisional filing date – the omission of the best method known when filing the parent?

Divisional applications are typically filed many years after the priority date of the original parent application, by which time the underlying technology may have been further advanced or commercialised. In practice, the divisional specification is seldom updated to reflect post-filing developments of the invention. Indeed, such a requirement would be unacceptable to many applicants, given the practical burden of ascertaining current "best method" and the implication that confidential technical or commercial information may need to be divulged.

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[1] *Merial, Inc. v Bayer New Zealand Limited [2018] APO 14*

[2] *Kineta, Inc. [2017] APO 45 (Kineta Inc)*