



## **Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953**

### **Submissions on Discussion Paper**

**ResMed Pty Ltd**



## About ResMed Pty Ltd

1. ResMed Pty Ltd (“ResMed”) is a global leader in the development, manufacturing, distribution and marketing of medical devices and cloud-based software applications to diagnose, treat and manage respiratory disorders including sleep disordered breathing (SDB), chronic obstructive pulmonary disease (COPD), neuromuscular disease and other chronic diseases.
2. ResMed is a global leader in connected care, with more than 3 million patients remotely monitored every day. Our 7,000-strong team is committed to creating the world’s best tech-driven medical device company – improving quality of life, reducing the impact of chronic disease, and saving healthcare costs in more than 100 countries.
3. ResMed relies on a combination of patents, trade secrets, copyrights, trademarks and non-disclosure agreements to protect our proprietary technology and rights.
4. ResMed is an active user of the intellectual property regime in New Zealand. As of 1 August 2019, ResMed and its subsidiaries own approximately 550 granted New Zealand patents and have approximately 190 pending New Zealand patent applications.

## Divisional Applications

### Transitional Provisions of the Patents Act 2013 Relating to Divisional Patent Applications

5. Section 1.1.1 of the Discussion Paper outlines a perceived problem that the continued filing of divisional patent applications under the 1953 Act imposes an administrative burden on IPONZ. Three possible solutions are set out and the preferred solution is to amend the transitional provisions of the 2013 Act to provide that, where a 1953 Act divisional patent application is filed after a specified date, the invention claimed in the 1953 Act divisional patent application must meet the novelty, inventive step and support requirements (applying a balance of probabilities standard) of the 2013 Act in order to be accepted for grant. **Question P1** asks if the preferred solution is agreed with and, if not, why not.
6. As of 1 August 2019, ResMed and its subsidiaries have approximately 90 pending divisional applications filed under the 1953 Act.
7. ResMed sees benefit in securing valid patent rights in New Zealand in a manner that minimises costs, delay and uncertainty. Having regard to these factors:



- 7.1. The status quo option provides for an efficient examination process but there are significant delays if an application is opposed given current staffing levels in IPONZ's Hearings Office<sup>1</sup>.
- 7.2. In contrast, the preferred option would be likely to increase the cost of examination of individual patent applications but may reduce the chances of an application being opposed, and therefore reduce the chance of its grant being significantly delayed by the opposition process.
8. Consequently, ResMed does not have a preference for either of the possible solutions set out in the Discussion Paper.
9. If either of options (ii) or (iii) set out in paragraph 49 of the Discussion Paper are implemented, we would prefer that the specified date provides sufficient time to consider our position and take whatever action is necessary ahead of that date. A period of one year from the date that notice of the change is published should be sufficient.
10. If MBIE's preferred solution is implemented, the Discussion Paper is silent on the procedural provisions that would apply to 1953 Act divisional applications filed after the specified date. ResMed would not oppose the procedure for applying for a patent under the 1953 Act, in regard to timeframes of examination and of filing further divisional applications, also applying to divisional applications filed in these circumstances. For the reasons explained below, ResMed is opposed to any provision that imposes any additional time limit on filing further divisional applications and/or which restricts "daisy-chaining" of divisional applications in New Zealand.
11. The Discussion Paper does not state what standard will be applied for determining the priority date of a claim if the preferred solution is implemented. The test for priority of a divisional application should be the same as the test for priority of a parent application, i.e. the "fair basis" test of the 1953 Act and not the "support" test of the 2013 Act. Any other position may create problems in view of the whole-of-contents approach to novelty in the 2013 Act. If priority claims are based on the "fair basis" test of the 1953 Act and not the "support" test of the 2013 Act then, for consistency, so too should the support / enablement requirements.

## **“Daisy-Chaining” of Divisional Patent Applications**

12. Section 1.1.2 of the Discussion Paper relates to “daisy-chaining” of divisional patent applications.

## **Does “Daisy-Chaining” of Divisional Patent Applications Create Problems?**

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<sup>1</sup> As of July 2019, ResMed has 41 patent applications filed under the 1953 Act under opposition. Of these, the average pendency of the opposition proceedings is nearly three years. The proceeding with the longest pendency has been under opposition for nearly six years.



13. The first part of section 1.1.2 outlines the perceived problem and **Question P2** asks if we agree with MBIE's assessment of the potential problems caused by this practice and, if we do not, to explain why we consider that MBIE's assessment is incorrect.

### **Daisy-Chaining is Already Prohibited Under the 2013 Act**

14. Firstly, we observe that reg 71(a) already sets a limit on the ability for applicants to daisy-chain the filing of divisional applications under the 2013 Act. Since daisy-chaining is already curtailed under the 2013 Act it is unclear why the Discussion Paper seeks to introduce further limitations under the 2013 Act.

### **Why ResMed Files Divisional Applications in New Zealand**

15. ResMed regularly files divisional applications in New Zealand. There are three common situations in which ResMed files divisional applications in New Zealand:

- 15.1. ResMed's patent specifications typically arise out of projects developing new technologies or products. Each project / product may include multiple new inventions and therefore a patent specification filed to protect any IP associated with that project may describe multiple inventions. This is common to technology development companies worldwide. Where a single specification filed in New Zealand describes two or more inventive concepts it will be necessary to file divisional applications in order to secure patent protection on each of the inventions described in that specification;
- 15.2. Sometimes we pursue patent protection for a single invention but, as a result of the examination process (for example the identification of prior art relevant to the novelty and/or inventiveness of the single invention), it becomes clear that narrower protection must be obtained. In some cases, there are multiple options to narrow the scope of protection being sought, each of which is an invention that could be pursued independently. This results in the need to file multiple divisional applications in order to obtain the breadth of protection across these different inventions to which we are entitled. The need to do so is usually not apparent until the application has been examined and the objections considered; and
- 15.3. In some cases we seek to obtain patent protection for an invention having a scope to which we believe we are entitled but we receive repeated objections from IPONZ and are unable to resolve the issues within the timeframes available to put the application in order for acceptance. In these cases we may file "whole-of-contents" divisional applications to give more time to try to obtain acceptance on the scope of protection to which we believe we are entitled. While there is the option to seek a hearing on the examiner's decision, the hearing process at IPONZ is neither timely nor cost effective. As such, the scope of patent rights can usually be resolved faster and more cheaply through further examination in a divisional application.



## Benefits of Daisy-Chaining Divisional Applications

16. We recognise that, in some cases, divisional applications may remain pending for a considerable length of time after the date of filing the application. The Discussion Paper perceives this pendency as creating uncertainty for the public. However this effect needs to be carefully weighed against the natural justice of allowing a patent applicant a fair chance to obtain the patent rights to which it is entitled.
17. The Discussion Paper is unable to identify any significant benefits to New Zealand's economy in permitting daisy-chaining of divisional applications.
18. As above, filing a divisional application in New Zealand is often a cheaper and faster option for resolving issues encountered during examination of a pending patent application, which may itself be a divisional application. The process for resolving such matters through a hearing at IPONZ is very time-consuming and expensive. At the time of writing, IPONZ does not have any Assistant Commissioners who are qualified to hear patent cases. In the past when patent cases could be heard in New Zealand it was typical for there to be a wait of over a year before a hearing could be scheduled. The delays in New Zealand consequent with the hearing process introduce uncertainty of greater magnitude than that presented by a single daisy-chained divisional patent application.
19. There is a benefit in New Zealand's patent system being broadly in line with those of its major trading partners. In the case of greater or lesser restrictions on filing divisional applications, parity in regimes between countries prevents a New Zealand company from being able to operate in a more favourable environment to its international competitors. Doing so might disincentivise the New Zealand company from innovating, which is contrary to the fundamental principle of the patent system.
20. ResMed observes that the ability to daisy-chain divisional applications is available under the patent systems of many of New Zealand's major trading partners, including Australia, the US, Japan and South Korea. Daisy-chain filing of divisional applications is consequently a practice that is able to be undertaken by New Zealand companies filing patent applications in these countries. ResMed and its competitors frequently file divisional applications in a daisy-chain in Australia and the US.
21. ResMed and its competitors typically file patent applications in multiple countries around the world. These patent applications are subject to broadly similar examination criteria. There is benefit for all parties affected by patents, including applicants and competitors of applicants / the general public, to deal with the same scope of rights in different countries. The pace of examination of patent applications differs between countries and different issues affecting validity, including new prior art references, can be identified by examiners in different countries at different times. Daisy chaining the filing of divisional applications can be used to align the timeframes for dealing with objections raised during examination of patent applications in corresponding applications in an international portfolio.



This helps applicants obtain a similar scope of rights in multiple countries and therefore provides clarity in the scope of valid rights to all concerned.

22. Further, providing for daisy chaining ensures that New Zealand's patent laws are consistent with Article 4G(1) of the Paris Convention, which states: *"If the examination reveals that an application for a patent contains more than one invention, the applicant may divide the application into a certain number of divisional applications and preserve as the date of each the date of the initial application and the benefit of the right of priority, if any."* Since Article 4G(1) must be met by all applications, including divisional applications, any provision that precludes daisy chaining has the potential to breach this requirement if an applicant is not given a fair chance to pursue all divisional applications where a lack of unity objection is raised on any given application.

### **The Problems Associated with Prohibiting Daisy-Chaining of Divisional Applications Outweigh the Benefits of Doing So**

23. Another way of thinking about the question asked in the Discussion Paper is to ask: what are the problems with prohibiting daisy-chaining of divisional applications and what other solutions might be available to address those problems in New Zealand?
24. This question can be answered by examining what has happened in other countries or regions where provisions for restricting or managing the filing of divisional applications has been introduced. Two notable examples are Europe and Australia.
25. In Europe, Rule 36 of the European Patent Convention (EPC) was amended on 1 April 2010 to introduce two new time limits on the filing of divisional applications<sup>2</sup>. Under the amended rule, European divisional applications could only be filed before: (a) 24 months from the Examining Division's first communication in respect of the earliest application for which a communication issued; or (b) 24 months from any communication in which the Examining Division objected that the earlier application did not meet the requirements of Article 82 EPC, provided it was raising that specific objection for the first time.
26. The time limits were introduced with the aim of limiting the use of divisional applications as a tool for prolonging the pendency of subject-matter before the European Patent Office (EPO). It had been observed that some applicants used divisional applications as an instrument to achieve 'duplication' of proceedings by filing an identical divisional application the day before the oral proceedings, i.e. before any refusal might occur and thus while the earlier parent application was still pending. Such tactics allowed applicants to have the same technical content discussed again even when the outcome of the proceedings in the parent application was negative. This trend was considered to be detrimental to legal certainty for third parties as well as to patent office workloads<sup>3</sup>. That is, the EPC

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<sup>2</sup> European Patent Office Administrative Council Decision CA/D 2/09, 25 March 2009

<sup>3</sup> European Patent Office, Request for Administrative Council Decision CA/89/13, 27 September 2013



amendments sought to address the daisy-chaining of “whole-of-contents” divisional applications in order to gain more time to put an application in order for acceptance.

27. After just four years of this amendment being in effect, on 1 April 2014, the EPC was subsequently amended to repeal the amendment to Rule 36<sup>4</sup>. Under the further amended Rule 36, divisional applications can be filed under the EPC at any time provided the parent application is still pending. Reasons for repealing this provision (which would also likely apply to the provisions proposed in the Discussion Paper) include:

27.1. The number of divisional applications filed at the EPO increased significantly, from 7,005 in 2009 to 22,102 in the 2010-11 year. This increase was attributed to the filing of precautionary divisional applications and an EPO assessment notes that, since the viability of these applications is questionable, this generates costs for applicants, uncertainty for third parties, and an additional workload for the EPO<sup>5</sup>. Uncertainty for third parties is one of the problems with daisy-chaining divisional applications cited by MBIE, but the EPO experience shows that greater uncertainty results from attempts to limit divisional filings;

27.2. The provision proved to be difficult to implement in a fair way, and this was thought to be especially the case for SMEs<sup>6</sup>. We observe that the time limits for filing divisional applications under the EPO provisions were more generous than are being proposed by MBIE in New Zealand. Despite this, the EPO considered it to be unworkable;

27.3. Feedback from users of, and interested parties to, the European patent system found that applicants were required to decide too early whether to file divisional applications, e.g. before being sure of their interest in the inventions or their viability, prior to the possible emergence of late prior art, before having had the opportunity to dispute a non-unity objection, or even before being sure of the subject-matter for which (unitary) patent protection will be sought. Thus, applicants were forced to file precautionary divisional applications, thereby increasing the costs associated with prosecution<sup>7</sup>;

27.4. Since there was no reduction in the number of divisional applications filed in Europe, legal certainty did not increase and large numbers of divisional applications could still be, and were, filed<sup>8</sup>; and

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<sup>4</sup> Decision of the Administrative Council of 16 October 2013 amending Rules 36, 38 and 135 of the Implementing Regulations to the European Patent Convention, CA/D 15/13, as reported in the *Official Journal of the European Patent Office*, 11/2013, page 501

<sup>5</sup> European Patent Office, Request for Administrative Council Decision CA/89/13, 27 September 2013, paragraphs [8]-[10]

<sup>6</sup> *Ibid.*, paragraph [11]

<sup>7</sup> *Ibid.*, paragraph [15], first bullet point

<sup>8</sup> *Ibid.*, paragraph [15], second bullet point



- 27.5. The negative effects of the introduced time limits were increased by the slow pace of examination<sup>9</sup>. We have concerns that IPONZ would be likely to also find it difficult to maintain an acceptable pace of examination if it experienced a similar increase in the number of divisional applications filed in New Zealand.
28. IP Australia introduced a “case management” approach to divisional applications on 1 October 2010<sup>10</sup>. This approach implemented the following steps:
- 28.1. Requests for examination of all divisional applications were expedited;
  - 28.2. Where a ground of objection was substantially identical to a ground previously raised in relation to the parent application and not addressed by substantial amendment or written submissions, the applicant was given two months to respond; and
  - 28.3. If no response was filed IP Australia would contact the applicant/attorney and discuss the case before setting the matter for hearing.
29. The stated reason for introducing this case management approach was “*to address concerns around certainty of patent rights arising from the filing of divisional applications, particularly where divisional applications are filed with identical or substantially identical claims to those originally filed in the parent application(s).*”<sup>11</sup>
30. The case management of divisional applications by IP Australia was suspended on 1 November 2012 and has not been reinstated. Material released by IP Australia following a Freedom of Information Act request in May 2013 indicates that there are two primary reasons for suspending this divisional management process<sup>12</sup>:
- 30.1. The additional pressure placed on IP Australia to manage divisional applications in the required timeframes; and
  - 30.2. Anecdotal evidence that more divisional applications were filed as a result of the divisional case management system.

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<sup>9</sup> Ibid., paragraph [15], fourth bullet point

<sup>10</sup> IP Australia, *Supplement to the Australian Official Journal of Patents*, Vol. 24, No. 39, 30 September 2010, p12

<sup>11</sup> Ibid.

<sup>12</sup> IP Australia, Patents and Plant Breeder’s Rights Group Management Committee (PMC) – Outcomes of the Meeting No. 7, 12 September 2012



31. ResMed is concerned that the problems created by the introduction of schemes to limit the filing of divisional applications in Europe and Australia are highly likely to also occur in New Zealand under provisions in which examination of all divisional applications must occur by a specified date.
32. For example, in order to ensure we maintain the option to pursue protection for inventive concepts described in our patent specifications, ResMed may need to file a significant number of divisional patent applications in New Zealand under the proposed system.
33. In addition, the lack of an ability to file further divisional applications after the deadline has expired may result in a greater need to contest objections raised during examination that we believe lack merit. This may lead to more hearings and, because of the long timeframes in settling a hearing at IPONZ that we have experienced in recent years, considerable uncertainty for the public will remain.
34. Filing a large number of divisional applications and contesting objections in hearings are options that are available to large, well-resourced companies but may not be available to smaller New Zealand-based businesses. As in Europe, MBIE's proposal therefore appears to benefit larger companies seeking patent protection in New Zealand over smaller, local applicants.
35. In summary, ResMed does not agree with MBIE's assessment of the problems caused by daisy-chaining divisional applications. While MBIE perceives the practice as creating some uncertainty for the public, when weighed against the countervailing factors outlined above, we believe the level of any perceived uncertainty is acceptable. ResMed is opposed to any provision that further curtails the daisy-chaining of divisional applications under the 2013 Act.

## Options for Addressing the Perceived Problem of Daisy-Chaining of Divisional Patent Applications

36. The second part of section 1.1.2 of the Discussion Paper outlines three options for addressing the perceived problem posed by allowing the daisy-chaining of divisional patent applications. MBIE's preferred option is to prescribe a time period by which the fate of all divisional applications derived from a particular original parent application needs to be determined.
37. **Question P3** asks if we agree with MBIE's preferred option for dealing with the issue of 'daisy-chained' divisional patent applications and, if we do not, which option we prefer and why.
38. ResMed observes that reg 71(a) already has the effect of setting a limit on the ability for applicants to daisy-chain the filing of divisional applications under the 2013 Act. Examination of any and all divisional applications must be requested within five years of the effective filing date of the divisional application. No further divisional applications can be pursued after this time because examination of them cannot be requested under reg 71(a). Since examination of a New Zealand patent application occurs promptly after requesting examination (typically only a few months), and a 12-month timeframe by which the application needs to be put in order for acceptance is imposed once



examination begins, the fate of divisional applications under the 2013 Act can be expected to be resolved by around 6.5 years after the effective filing date at the absolute latest.

39. Consequently, the analysis in paragraph 94 of the Discussion Paper that the 'no change' option (i) does not satisfy factors (i) and (ii) set out at paragraph 92 is incorrect. The existing regime in New Zealand both places a reasonable limit on the time that a patent application remains pending after initial examination of the parent application (factor (i)) and provides certainty for the public about when the fate of the invention disclosed in a patent application as originally filed will be finally determined (factor (ii)); in both cases the timeframe is approximately 6.5 years after the filing date of the original application.
40. For the reasons explained in paragraphs 18 to 35 above, ResMed does not believe that the daisy-chaining of divisional applications should be restricted, and therefore our preferred option is for there to be no provisions that have the effect of limiting the daisy-chaining of divisional applications in New Zealand.
41. Nevertheless, out of the three options presented by the Discussion Paper, our preferred option is option (i): no change to the provisions of the 2013 Act. We have explained in paragraph 39 above why we believe the status quo is the best of the proposed options to meet the three factors identified as being desirable in paragraph 92 of the Discussion Paper, notwithstanding our view of the problems with restricting daisy-chain filing of divisional applications, as discussed above.
42. There are three other options which we believe it is worth MBIE considering in order to address what it perceives as the problem of daisy-chaining divisional applications in New Zealand:
  - 42.1. Introduce filing fees that escalate for each generation of divisional application filed. This would deter the practice of daisy-chaining but would not prevent it where there is a genuine commercial reason to file multiple divisional applications in series. This approach has been implemented by the EPO, for example;
  - 42.2. Preventing the filing of whole-of-contents divisional applications can be addressed by revisiting the provisions that prohibit this. The Patents Regulations 2014 initially included a provision that stated "*the divisional application must not include a claim or claims for substantially the same subject matter as claimed in the parent application*"<sup>13</sup>. However this provision was subsequently revoked because there was a concern that it did not reflect its original intention, which was to avoid divisional applications being *granted* for the same subject matter claimed in the parent rather than to avoid divisional applications being *filed* with the same subject matter as claimed in the parent. However, a provision to this effect could be re-

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<sup>13</sup> Regulation 52(3)(a) of the Patents Regulations 2014 as made.



introduced in New Zealand as a way to prevent whole-of-contents divisional applications being filed; and

- 42.3. Preventing the filing of whole-of-contents divisional applications can also be addressed by creating a more efficient and cost-effective process for appealing the results of an examiner's decision in New Zealand. If the appeal process was a faster and more cost-effective way to resolve disputes during examination than filing a divisional application then this would become a preferred option.
43. **Question P4** asks whether, if MBIE's preferred option for dealing with the issue of 'daisy-chained' divisional patent applications was adopted, we agree with the 12-month time period proposed and, if not, what other time period could be adopted.
44. MBIE's preferred option (iii) – to require the fate of all divisional applications to be determined by a specified date – is particularly problematic if sufficient time is not provided for issues which gave rise to the need to file a divisional application (for example, those raised in an examination report) to be resolved. MBIE's proposed timeframe is that divisional applications should be put in order for acceptance on the same date as the original parent. However it is often the case that IPONZ does not raise objections that indicate the need to file divisional applications (for example prior art objections that result in the identification of multiple inventive concepts that are narrower than the initial perceived inventive concept) until late in the examination process, sometimes only weeks before the acceptance deadline. In such circumstances it places an unfair burden on ResMed to consider its position on what concepts it considers to be inventive in view of the prior art and to prosecute those concepts through to acceptance in such a short space of time. It is also conceivable that further prior art could be cited in the remaining time, leading to multiple further inventive concepts being identified. As explained above, Article 4G(1) of the Paris Convention requires applicants to be given the opportunity to file further divisional applications if a unity objection is raised against one application. In our view, this also requires applicants to be given a sufficient period of time to prosecute these further divisional applications.
45. MBIE's preferred option (iii) may lead applicants to delay requesting examination on the parent application for as long as possible in order to give themselves maximum opportunity to understand the relevant prior art before requesting examination and thereby triggering the deadline for putting all divisional applications in order for acceptance. A provision that promotes applicants delaying requesting examination is contrary to the aim of promptly resolving the fate of an application to provide certainty to the public.
46. Paragraph 99 of the Discussion Paper states that MBIE's preferred option (iii) is the approach taken in the UK. This is not entirely accurate. In the UK an application faces a compliance period (i.e. the period in which it must be placed in order for acceptance) of 4.5 years after the earliest priority date or 12 months after issuance of the first substantive examination report, whichever is the later. In our



experience, delays at the UKIPO mean that it is normally the 12-month period that sets the deadline but this would not always be the case. In contrast to the UK approach, MBIE's proposal is for the deadline for putting divisional applications in order to be determined only with respect to the acceptance deadline on the parent application. There is no alternative mechanism for setting the deadline based on the time passed since the priority date. The practical effect may be to incentivise applicants to delay requesting examination on the parent application. The UK also provides a two-month extension of time for the compliance period and allows further extensions at the Comptroller's discretion. The 2013 Act does not allow for any such extensions in New Zealand.

47. While we disagree with option (iii) being implemented in New Zealand, if it were to be, then our preference for the deadline by which all divisional applications must be in order for acceptance is whichever is the later of: a) five years from the date of filing the complete specification for the divisional application is treated as having been filed; and b) twelve months from the date of issuance of the first substantive examination report on the divisional application. We believe this approach would best satisfy each of the factors listed in paragraph 92 of the Discussion Paper and would also satisfy Article 4G(1) of the Paris Convention. For example, the public would have certainty that the fate of all inventions disclosed in the patent application would be resolved from a period of approximately 6.5 years from the filing date. While there is a small amount of uncertainty as to the exact period of time it would take IPONZ to conduct a first examination report, we believe this uncertainty would be minimal and would offset the benefits of providing applicants more time to address issues that are raised in examination.

## Requests for Examination

48. Paragraphs 111-113 of the Discussion Paper states that MBIE proposes to require that all divisional applications are accompanied by a request for examination. **Question P5** asks if we agree with MBIE's proposal.

49. This proposal can be considered separate to, or in conjunction with, the proposal to restrict the daisy-chaining of divisional applications. We have already explained above why we do not agree with the proposals to restrict daisy-chaining of divisional applications in New Zealand. Nevertheless, we recognise that the proposal for all divisional applications to be accompanied by a request for examination could be put into effect whether or not daisy-chaining is permitted.

50. Our main concern with requiring all divisional applications to be accompanied by a request for examination is that this will place significant pressures on IPONZ's examination department, particularly if daisy-chaining is also prevented, because of the large number of multiple divisional applications that may result. As explained above, the proposal to prohibit daisy-chaining may result in many more divisional applications being filed, even though not all of these will be pursued. This will inevitably cause delays in examination at IPONZ.



51. In contrast, under the current regime, IPONZ is able to control its workflows by deciding when to issue directions to request examination (DREs). We believe IPONZ would maintain its ability to manage the examination workload if this mechanism for triggering examination continued, as it would provide IPONZ the flexibility to issue DREs promptly in some circumstances, while delaying issuing DREs when workloads are high.

## Poisonous Priorities and Poisonous Divisional Applications

### Poisonous Priorities

52. Paragraphs 118-142 of the Discussion Paper outline the problem of poisonous priorities that results from the whole-of-contents approach to dealing with conflicts between two pending patent applications under section 8(2) of the Patents Act 2013. After discussing the problem, MBIE states that it considers that no amendment to the 2013 Act is required. **Question P6** asks if we agree that poisonous priority is not likely to be a significant issue in New Zealand and, if not, why not.

53. ResMed disagrees that poisonous priority is not likely to be a significant issue in New Zealand. MBIE has identified three scenarios (examples 1.3.3 – 1.3.5 in paragraph 135 of the Discussion Paper) in which the issue could occur. While these scenarios may be “unusual” and “rare”, they are not unforeseen. The 2013 Act has not been in force for long and few revocation proceedings have been instigated under the Act. Therefore it is not surprising that the issue has not yet been observed as having occurred in New Zealand. The fact there have been situations where the issue has arisen in both Australia and Europe indicates that it is highly likely to occur in New Zealand in the future.

54. If a problem with legislation is identified we believe it should be rectified before the issue has an impact on applicants or patentees, rather than afterwards.

55. Paragraph 143 of the Discussion Paper says that the poisonous priority issue is relatively simple to avoid in most cases. MBIE’s proposed solutions (explained in paragraphs 136 and 138) involve abandoning applications before they are published. Not only does this require applications that may have been filed for legitimate commercial reasons to be abandoned, it also places a time constraint on being able to solve the issue. In view of the complexity of the scenarios that give rise to the issue, it may often be difficult to identify and consequently not be identified in time to resolve the issue.

56. Consequently, ResMed favours taking steps to resolve the issue of poisonous priorities in New Zealand now.

57. As discussed in the subsequent sections below, we favour a solution to the problem of poisonous priorities combining the introduction of an anti-self-collision provision and allowing claims to have more than one priority date in addition to the anti-self-collision provision, subject to the appropriate



wording of the provision to mitigate against an unintended interpretation by the Commissioner of Patents or the High Court as discussed in paragraphs 63 and 65 below.

## Poisonous Divisional Applications

58. Paragraphs 144-156 of the Discussion Paper outline the problem of poisonous divisional applications that results from the whole-of-contents approach to dealing with conflicts between two pending patent applications under section 8(2) of the Patents Act 2013. MBIE puts forward two possible solutions: amending the 2013 Act to provide that a divisional patent application cannot be part of the prior art base for its parent application, and vice versa (an “anti-self-collision” provision); or amending the 2013 Act to provide that the claims of a complete specification can have more than one priority date. MBIE’s preferred solution is the anti-self-collision provision. **Question P7** asks if we agree with this preferred solution and, if not, why not.
59. ResMed agrees that poisonous divisional applications are a problem under the 2013 Act that should be addressed in New Zealand.
60. We agree with the proposal to introduce an anti-self-collision provision to address the problem of poisonous divisional applications in New Zealand.
61. We also believe there may be merit in allowing claims in New Zealand to have more than one priority date in addition to the anti-self-collision provision, subject to the appropriate wording of the provision to mitigate against an unintended interpretation by the Commissioner of Patents or the High Court as discussed in paragraphs 63 and 65 below.

## Multiple Priority Dates for Claims

62. Paragraphs 157-179 of the Discussion Paper discuss whether the fact the 2013 Act only allows claims to have a single priority date causes issues. MBIE does not believe there are any significant problems that need to be addressed by allowing claims to have multiple priority dates. **Question P8** asks if we agree with this assessment and, if not, why not.
63. ResMed believes it is important for the validity of patents to be as clear as possible in any jurisdiction. We recognise that allowing claims to have multiple priority dates is a potential solution to the issues of poisonous priorities and poisonous divisional applications also identified in the Discussion Paper. We also recognise that, in examples 1.4.3 and 1.4.4, an amendment to the Act merely allowing claims to have more than one priority date may not completely resolve the issues in those examples. However, it appears that carefully wording the provision allowing for claims to have multiple priority dates would mitigate any risk that the Commissioner of Patents or the High Court might adopt an interpretation of the legislation that is contrary to what is intended.



64. A further benefit of allowing claims to have multiple priority dates is alignment with the law in many of New Zealand's major trading partners, including Australia, the UK, and Europe.
65. Consequently, ResMed supports an amendment in New Zealand to allow claims to have multiple priority dates where the provision is worded to mitigate against an unintended interpretation by the Commissioner of Patents or the High Court.

## Extensions of Time When Hearing Requested

66. Paragraphs 181-203 of the Discussion Paper discuss potential solutions to the lack of provision in the Act or Regulations to extending the period for putting an application in order for acceptance when a hearing has been requested. MBIE's two options are: (i) use section 230 to retrospectively extend the period, for example as part of the Commissioner's decision; and (ii) amend the Act or Regulations to allow for an extension of the period if a hearing is requested under Section 208. **Question P9** asks which of the options we prefer and why.
67. We have no strong preference for either option (i) and (ii). We believe the desired certainty for applicants and the public for the time period within which the dispute will be resolved can be provided with either option through clear guidance in the examination guidelines (in the case of option (i)) or prescribing the period in the Act or Regulations (in the case of option (ii)).
68. Paragraphs 202 and 203 of the Discussion Paper discuss what would happen to the application if an applicant withdraws a hearing request before a hearing is held. MBIE proposes that, where a hearing request has been withdrawn, and the 12-month time period set under section 71(1) had expired, the application is deemed to be abandoned. **Question P10** asks if we agree with MBIE's proposal and, if not, why not.
69. We agree with the proposal on the assumption that what is being proposed is that an application is considered abandoned as of the date the hearing request is withdrawn, and not as of the date of the 12-month time period set under section 71(1). We also assume that an applicant would be able to continue to attempt to resolve outstanding issues with the examiner, and that an application can be accepted if those issues are resolved, while the hearing request is in place. If this is intended then this should be made clear. If it is not intended then we disagree with the proposal because in that situation requesting a hearing could prevent applicants from continuing to find other ways to resolve the outstanding issues.

## Other Issues

70. ResMed does not submit on the other issues addressed in the Discussion Paper at this time.