

# Submission to the New Zealand Ministry of Business, Innovation and Employment (MBIE)

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## Divisional Patent Applications - Possible Changes to the Transitional Provisions in Section 258 of the Patents Act 2013

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Submission made by:

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Jones Tulloch is a specialist Patent and Trade Mark Attorney and consultancy firm, working to assist clients in the pharmaceutical, veterinary, agricultural and biotechnology industries to maximize the benefits of their intellectual property.

We represent a number of clients who regularly file patent applications in New Zealand. We believe that the proposed changes to the transitional provisions in the 2013 Patent Act will have a significant impact on the intellectual property portfolios of our clients and cause them considerable inconvenience and expense.

MBIE has posed five questions related to the possible changes of the transitional provisions in section 258 of the 2013 Patent Act. Our views on these questions are outlined below.

### **MBIE has identified three potential options in considering changes to the transitional provisions in section 258 of the 2013 Patent Act:**

1. No change to the transitional provisions of the 2013 Act (the status quo);

2. Amend the transitional provisions to provide that, after a specified date, it would not be possible to make divisional applications from a parent patent application that is, or is treated as, a 1953 Act application; and

3. Amend the transitional provisions to provide that, after a specified date, divisional applications made from a parent application that is, or is treated as, a 1953 Act application under section 258 of the 2013 Act, will be examined under the criteria set out in the 2013 Act.

#### **Question 1:**

**Under section 258 of the 2013 Act, applications divided from patent applications made before the entry into force of the 2013 Act are examined under the 1953 Act.**

***The Ministry considers that this approach may be adversely affecting third parties, including local businesses. Do you agree? If not, please explain why.***

- We disagree, all businesses operate under the current conditions and as such we believe it is a level playing field for all businesses operating within this space, local or otherwise.
- If a deadline were to be introduced, we would need to review our clients' portfolios and determine what divisional patent applications should be filed before the deadline. From our previous experience in Australia, this is a time consuming process requiring at least 6 months. It is also expensive for our clients and also brings forward the filing fees for those applications which would have otherwise been spread over a longer period of time.

*'As of mid-July 2016, there were 3054 pending applications made under the 1953 Act. 1693 of these applications were divisional applications and just over 1000 of these being "daisy-chained" applications.'*

- If a deadline were to be introduced this number would be likely to balloon out significantly, as was the case in Australia when changes were made in 2013 to the Patents Act (Raising the Bar Act 2012). This could have significant effects on IPONZ and local business by extending the examination period required by IPONZ due to a significantly increased workload. We believe that by allowing the 20 year transition to remain, this effect would be less pronounced as older patents continue to expire gradually over time and in turn this would be more likely to maintain a smooth patent examination process.

#### **Question 2:**

**The Ministry has identified three options (including no change) for dealing with the potential problems identified in relation to section 258 of the 2013 Act.**

***Are there any other options you think should be considered? If so, please describe them.***

- No, we believe that there should be no change to the current transitional provisions.

**Question 3:**

***MBIE's preferred option is Option 3. Do you agree that this is the best option? If not, which option do you prefer? Please explain why.***

- We do not agree that option 3 is the best option. We believe that the best option is to make no change to the current transitional provisions (option 1 outlined by the MBIE report). We believe that option 1 does not remove rights from current patent holders and is fair to all parties. In addition to this, option 1 also imposes a relatively small burden upon IPONZ (compared to options 2 and 3 outlined below) which is spread out over the 20 year period.
- Introducing a cut off date (as is outlined in either option 2 or 3) would likely result in a large number of divisional applications being filed just prior to the cut-off date. This was the case in Australia and resulted in a spike in patent filings, and consequential burden being placed upon IP Australia, which continued through the patent application process for years to come.
- We believe that option 2, and to a lesser extent option 3, removes rights that would have otherwise been available to current patent holders, as they could no longer file divisional patent applications based on conditions outlined at the time the parent application was filed.

**Question 4:**

***What should the specified date be after which the restrictions on filing 1953 Act divisional applications set out in options 2 or 3 will apply? Please explain why you think this date should be adopted.***

- We do not believe that either option 2 or 3 should be adopted.
- However, should MBIE conclude otherwise, clients should be given sufficient time to review their portfolios and determine what divisional patent applications should be filed before the deadline. From our previous experience in Australia, this is a time consuming process requiring at least 6 months.

**Question 5:**

***Are there any problems in relation to divisional patent applications other than in section 258 of the 2013 Act that you consider should be addressed by MBIE? If so, please describe the issue and why you consider them to be a problem?***

- None