

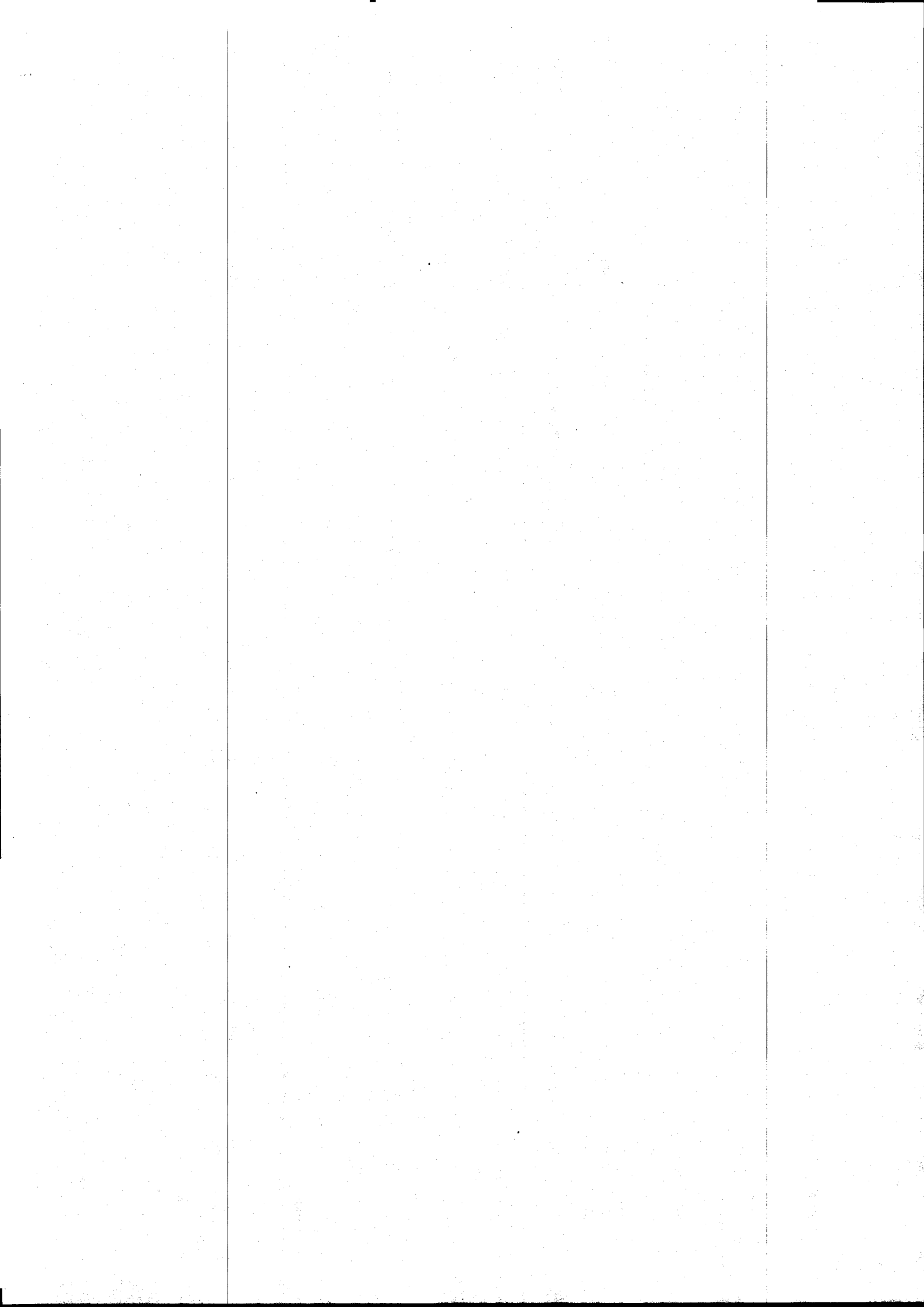
INDUSTRIAL PROPERTY ADVISORY COMMITTEE

REPORT

EXTENSIONS OF THE CONVENTION PERIOD

UNDER THE PATENTS ACT

30 JANUARY 1981



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INDUSTRIAL PROPERTY ADVISORY COMMITTEE

REPORT

EXTENSIONS OF THE CONVENTION PERIOD UNDER THE PATENTS ACT

1. SUMMARY

This Report has been prepared in response to a request made by the Minister for Science and Technology for "advice ... as to whether, as a matter of policy, the Patents Act should provide for extensions of the period within which to make an application claiming priority under the Paris Convention, and if so, under what circumstances".

Under the Patents Act 1952 a foreign national can file a patent application in Australia retaining a priority right dating from the filing of an application for the same invention made up to 12 months previously in another country party to the Paris Convention. Extensions of this time used to be granted by the Patent Office, but are no longer available because of a changed statutory interpretation of the relevant parts of the Patents Act. Limited extensions in some circumstances were provided for in the controversial clause 13 of the Patents Amendment Bill 1980.

Having regard to the background to the question and the issues raised in submissions received from interested parties, the Committee, accepting the view that membership of the Paris Convention does not inhibit Australia from legislating to allow discretionary extensions of the 12 month Convention priority period:

- (a) recommends that such extensions ought not to be available in respect of future applications claiming Convention priority, except where the applicant shows appropriate diligence and the failure to file in time was due to circumstances beyond the control of the applicant and his agent or attorney; and
- (b) recommends that under no circumstances should the period of extension exceed three months.

The Committee's recommendations, which should be treated as being open to reconsideration during the course of its current comprehensive review of the Australian patent system, are contained in Part 6 of the Report.

2. QUESTION REFERRED

2.1 The reference

The subject reference was given to the Committee by the Minister for Science and Technology, the Hon. David Thomson, M.C., M.P., in a letter dated 3 December 1980 seeking the Committee's advice by 31 January 1981. A copy of the Minister's letter is attached as Appendix A1. The Minister asked for:

"... advice ... as to whether as a matter of policy, the Patents Act should provide for extensions of the period within which to make an application claiming priority under the Paris Convention, and if so, in what circumstances".

2.2 Reason for the reference

2.2.1 It is evident from the Minister's letter of referral (see Appendix A1) that this request for advice was made because of the strong and divergent opinions which have been expressed on the question of extensions of the Convention period since the Patents Amendment Bill 1980 was introduced into Parliament on 1 May 1980.

2.2.2 Prior to the end of 1978, extensions of the Convention period were granted by the Commissioner of Patents under section 160 of the Patents Act on the grounds of circumstances beyond the applicant's control or of an error or omission on the part of the applicant or of his agent or attorney. However, since early 1979 the Commissioner of Patents (acting on the advice of the Attorney-General's Department) has not granted extensions of the Convention period under the provisions of section 160 because, as a matter of statutory interpretation, section 160 was held to be inapplicable to the relevant sections of the Patents Act.

2.2.3 Thus, included among the provisions of the Patents Amendment Bill 1980 was clause 13 which sought to introduce new section 142AAA specifically to allow for extensions of the Convention period. Such extensions were to be allowed only on the ground of circumstances beyond the control of the applicant and his agent or attorney, with

a maximum extension of 6 months. This and other provisions in the Bill proved to be controversial.

2.3 Ambit of the reference

The Committee is aware that its advice under this reference has been sought as a matter of urgency on a question of policy. The reference calls for advice on the specific question of extensions in relation to future Convention applications. It is appreciated that there is a related and broader question, of the value or otherwise to Australia's technological development of granting priority rights to Convention applicants. That broader question is not required to be decided one way or the other under the specific reference being considered here. There are also other matters related to the question of extensions of the Convention period, for example, the validity of past practices on extensions of time, the correct legal interpretation of the existing statutory provisions, and questions of how extensions already granted (or purported to be granted) in the past should be treated now. As will appear later in this Report, these are not questions which the Committee is required by the terms of this reference to investigate now.

2.4 This reference and the review of the Australian patent system

Many, if not all, of the issues which are raised by this reference are embraced by another more general reference on which the Committee is currently engaged; that is, a comprehensive review of the Australian patent system. For this reason our recommendations under the present reference should be regarded as being interim in the sense that they will require reconsideration in the light of information which may emerge during the course of that review.

3. BACKGROUND

3.1 The detailed background

This reference can be fully appreciated only against the background of a number of factors including the following:

- the nature of Convention applications in the context of the Patents Act;
- the Paris Convention for the Protection of Industrial Property;
- present provisions for extensions of time under the Patents Act and Regulations;
- past and current practice of the Patent Office in relation to extensions of time;
- judicial or quasi-judicial interpretations of the relevant statutory provisions;
- the Patents Amendment Bill 1980;
- reasons for opposition to the Bill;
- the practice of Patent Offices in other countries relating to extensions of the Convention period.

A detailed outline of the background is contained in Appendix A2 to this report. The following points are, however, worth noting here.

3.2 The Patents Act, the Paris Convention, and priority rights

Part XVI of the Patents Act enables a patent applicant to retain priority rights dating from the first filing of an application in respect of the invention in one of the countries party to the Paris Convention for the Protection of Industrial Property, provided that the application in Australia is made within 12 months from that first filing. The provisions in the Patents Act relating to early priority dates for Convention applications are applicable also to some countries which are not party to the Paris Convention. However, the Paris Convention is the most significant international agreement which is covered by those provisions. Whether or not the Paris Convention on its true meaning provides for extensions of the 12 month priority period, it follows from well-established principles of international law that the Parliament is able to legislate for such extensions in the Patents Act.

3.3 Effect of extensions of Convention period

The effect of an extension of time for the filing of a Convention application (here referred to as an "extension of the Convention period") would be that the application could be made outside the normal 12 month priority period while still retaining the early priority date.

3.4 Extensions of Convention period under section 160, Patents Act

Two limited surveys of extensions of time granted under section 160 before the change in Patent Office practice in late 1978 are reported in Appendix A2 at Tables A2.1 and A2.2. Those surveys show that in 1977 and 1978 almost 50% of the extensions granted were extensions of the Convention period. Of those granted in 1978, most extensions of the Convention period were for periods of 1 week or less, and the great majority (more than 98%) were for periods of 1 month or less. About 75% of these extensions were granted because of mail delays, and some 20% by reason of error or omission on the part of the applicant's agent or attorney.

3.5 Extensions of Convention period in other countries

With a view to ascertaining reciprocal practices of other member countries of the Paris Convention, the Secretariat to the Committee has provided information for those countries which are important in terms both of lodging Convention applications in Australia and of Australians lodging applications overseas. The results (see Table A2.3 in Appendix A2) reveal that most countries allow no extensions at all of the Convention period, while a few countries allow extensions on very limited grounds.

4. SUBMISSIONS

4.1 Invitations for submissions

In view of the time limitations imposed by the terms of the Minister's reference, the Committee invited submissions at very short notice. Submissions were sought directly from those parties indicated by the Minister as having expressed views on the question of extensions of the Convention period during the time since the Bill was introduced into Parliament. (The Committee has not been provided with access to representations made direct to the Minister). The views of any other interested members of the public were sought by means of a notice placed in The Australian Official Journal of Patents, Trade Marks and Designs, and it is pleasing to note that two submissions were received as a result of the Official Journal notice. The Committee was greatly assisted by all submissions lodged and is most grateful for the time and effort put into their preparation. While the deadline given in the invitations for submissions was tight, it is believed that no injustice has resulted. All interested persons have in the past had the opportunity to consider the Bill since it became publicly available at the time of its introduction into Parliament, and the Committee believes that the dispute over clause 13 has been widely discussed.

4.2 Submissions lodged

Parties who have made submissions or comments to the Committee are listed in Appendix A3.

5. CONSIDERATION OF THE ISSUES

5.1 Approaching the reference

5.1.1 - The broad issue of Australia's technological development

Much of the argument submitted to the Committee suggests that it should treat the reference as a dependent facet of a much broader issue; namely, the effect on Australia's future technological development of the grant of a high proportion of patent monopolies to large foreign-owned corporations. Those who argue that there is a strong positive effect conclude that discretionary extensions of the Convention period are desirable, while those who argue that there is a negative effect conclude that no such extensions should be granted. While the current reference requires the Committee to consider the question as a matter of policy, it is evident from the submissions lodged that there is a conspicuous absence of factual evidence to support either argument. There is thus no factual basis on which the Committee can at the present time come to any conclusion one way or the other on this broader policy issue. Moreover, the Committee sees a serious disparity between the generality of such arguments and their conclusions, since the discretionary extensions in question are in practice mostly extensions of a few days. It would be more appropriate for those who see great benefits flowing from the grant of patent rights to foreigners to conclude that the priority period should be, say, two years, as a further encouragement for foreigners to file in Australia, while those with the opposite view might well conclude that Australia should withdraw from the Convention altogether. While such broad considerations are relevant to the Committee's current review of the Australian patent system, the Committee considers that the issue of the desirability of discretionary extensions of the Convention priority period can only be satisfactorily resolved for the present as a matter of policy on the basis of rather more narrow considerations.

5.1.2 - Implications of membership of the Paris Convention

An argument closely related to the broader issue outlined in 5.1.1 asserts that the Committee must assume for the purpose of the current reference that the granting of priority rights under the

Paris Convention must be taken to be in Australia's best interests by virtue of the fact that Australia has acceded to the Convention. The Committee would agree that Australia's accession to the Paris Convention in 1925 and to the Stockholm revision in 1975, and the enactment of the provisions in Part XVI of the Patents Act which give effect to the priority rights guaranteed by the Convention, must be taken to have been based on the premise that Australia's national interest was thus furthered. However, it must also be recognised that the broad reference referred to the Committee in relation to the review of the patent system clearly suggests that perceptions of the national interest dating from 1925 should be re-evaluated for their relevance to the 1980's. In considering the policy question involved in this reference, however, it is not possible to pass any opinion as to whether Australia's continued membership of the Paris Union, and the granting of Convention priority rights to foreign nationals, are as a matter of policy in Australia's best interests, and the Committee expressly refrains from doing so.

5.1.3 - Other questions outside the current reference

As indicated briefly above at 2.2, there are other more narrow and controversial issues directly related to discretionary extensions of the Convention period which the Committee views as being clearly outside the terms of reference. These concern, for example, the validity of past practices on extensions of time, the legal interpretation of the existing statutory provisions and of the Convention itself, and questions of how extensions already granted (or purported to have been granted) should be treated now. These questions may have an important bearing on the wording of any legislation which might be enacted to enable or to exclude the granting of extensions of the Convention period. However, the Committee does not find that those issues assist in considering the question referred as a matter of policy, and to that extent finds them irrelevant.

5.1.4 - The starting point for the current reference

In approaching this reference, the Committee believes that it should accept, as a starting point, the fact of Australia's membership of the Paris Convention and the provisions of Part XVI of the Patents Act which entitle a foreign national applying for an Australian

patent to enjoy Convention priority rights where the application in Australia is made within 12 months of the first filing in another Convention country for the same invention. It must then ask whether, as a matter of policy, extensions to this period should be allowable and, if so, in what circumstances.

5.2 The question of reciprocity

A pragmatic argument advanced with some force is that, since most countries which are important to Australia in terms of patenting and trading activity do not allow for extensions of the Convention period at all (or do so only in very limited circumstances), Australia should not grant such extensions to foreigners. Such an argument is obviously coloured by the broad assumptions about the value of Convention applications to the development of Australian technology (a matter already discussed above at 5.1) and therefore cannot be conclusive.

5.3 Comparison with CAP specifications

5.3.1 - Context in the Patents Act

It has been put to the Committee that any provision for extensions of the Convention period should be the same as those already laid down in the Patents Act for extending other time limits. This point was made with particular emphasis in comparison with the time for filing a "complete-after-provisional" (CAP) specification, since a CAP applicant, like a Convention applicant, retains a priority date corresponding to an earlier filing (although the circumstances are somewhat different - see the outline in Appendix A2 at A2.4.3). The Committee does not find this argument compelling. As stated above at 5.1.4, the starting point here is the Paris Convention and the provisions of Part XVI of the Act, which do not bear at all on the filing of applications with provisional specifications. The question of what are appropriate circumstances for extending the time for lodging a CAP specification is, of course, outside the scope of the present reference. It would fail to answer the question of policy posed in this reference merely to apply to the Convention period the extension provisions which apply elsewhere in the Act.

5.3.2 - "National treatment" for foreign applicants

Another argument related to CAP specifications concludes that discretionary extensions of time must be made available to Convention applicants because they are available to domestic applicants filing CAP specifications, and membership of the Paris Convention requires that foreign applicants be accorded "national treatment". It may be observed that foreign applicants are clearly entitled to use the CAP route for obtaining a patent, in which case extensions of time would be available on the same grounds as they are available to Australian CAP applicants. The question of what is required by the Convention, however, is open to interpretation and we do not propose to enter into it in this Report. It is not relevant to the question of policy posed by the terms of reference.

5.4 How the need for extension arises

In the context of existing provisions of the Paris Convention and Part XVI of the Patents Act, the need for an extension of the Convention period clearly arises where an application fails to be filed within the 12 months prescribed. That may happen simply because the required action was taken too late. Alternatively, it may happen because, although action was taken in good time, the transmission of the application was delayed through no fault of the applicant or his agent or attorney. The Committee believes that there is a tendency for a Convention application to be filed very close to the 12 month's deadline. This can be attributed to two main factors. First, the applicant may wish to maximise the time which he has to evaluate his invention and finalise his specification before committing himself to the cost of foreign patent filings; and second, the applicant, his agents or attorneys, may naturally tend to delay action on matters which are not urgent. In either case, a calculated risk is being taken in which the benefits of delay are balanced against the dangers of loss of priority. It is thus unlikely that the situation in either of these cases would be any different were the Convention period set at 6 months or 18 months, and it is certain that both the applicant and his attorneys would take full advantage of a situation where discretionary extensions of the Convention priority period were readily obtained. However, the Committee also recognises that action may be taken too late

through a mistake or inadvertance on behalf of the applicant or his agent or attorney.

5.5 The need for a time limit

5.5.1 - Time limits in general

The Committee accepts that, for the proper administration of the patent system, the efficient running of the Patent Office, and the protection of the public interest, strict time limits must be prescribed for most of the actions required to be taken under the Patents Act. Regrettably it is also the case that for those time limits to be effective, failure to meet them must in most cases be the subject of a serious sanction. Whether it is necessary that that sanction should in all cases be the ultimate sanction of lapsing of the application or the loss of the right concerned is open to substantial argument, but it is without question that serious sanction must be imposed. A time limit for lodging Convention applications fits properly within this general rule, the sanction being loss of priority rights with consequential exposure of the application to a fatal objection.

5.5.2 - Publication of patent documents

One particular consideration points to the need to provide an absolute limit upon the possible extension of the Convention period. This is the importance of preserving the date upon which applications are laid open to public inspection (OPI) in the Patent Office; namely, 18 months after the Convention priority date (see section 54A of the Patents Act). To extend the Convention priority period for a time such that the publication date would be delayed until an uncertain time beyond that 18 month limit would be undesirable. Australian companies commonly watch for applications of interest upon such publication, comparing them with known overseas applications, and may well base their actions upon what is revealed (or not revealed) on the expected OPI date.

5.6 Extensions of the time limit

The question which now arises is whether the time limit should be regarded as absolutely inviolate. In the case of the Convention period, a failure to meet the deadline will result in the loss of the Convention priority date which would otherwise have been available. This may result in the loss of part or all of the monopoly which is sought, since it increases the likelihood of fatal objections to the grant of a patent on the application. Briefly, these objections could arise by way of:

- disclosure of the applicant's invention after the earliest Convention filing but before filing in Australia; or
- independent invention of the same concept by a competitor during that period, followed by public disclosure or lodgement of a patent application.

Provided the interests of third parties and the public are safeguarded, the Committee believes that it is not in Australia's interests to impose sanctions of such severity arbitrarily on patent applicants who have shown proper diligence in seeing to the filing of a Convention application but who nevertheless failed to meet the 12 month deadline for priority rights, where that was due to circumstances beyond the control of both the applicant and his agent or attorney. The Committee considers that the only situations in which an error or omission ought to provide grounds for an extension would be such that the facts would in any event support the ground of circumstances beyond the control of the applicant and his agent or attorney. The Committee would therefore favour provisions allowing for an extension of time on that latter ground, subject to the further qualification that a maximum extension of 3 months be available. This maximum extension represents a sufficient and even generous period in which a diligent applicant can be expected to check on his attempted filing and to put matters in order. It is observed from Tables A2.1 and A2.2 that there were only two extensions of more than 3 months in 1977 and 1978.

5.7 Procedure for granting extensions

Given the nature of extensions of the Convention period as a procedural matter under the Patents Act, the Committee believes

that they should be handled administratively rather than by a judicial body. The most appropriate tribunal is the Commissioner of Patents. It is clearly desirable that the Commissioner should consider extensions on a case by case basis, and the Committee therefore believes that the exercise of the power to grant extensions should be at the Commissioner's discretion, subject to the usual right for parties to seek a review by the Administrative Appeals Tribunal.

5.8 Protection of third party interests

The position of competitors and the public generally must clearly be given fair consideration, and this is already recognised in the case of section 160 extensions in the existing legislation (see Appendix A2 at A2.3). To a large extent the provision of a maximum extension of 3 months gives the necessary protection. This is for two reasons. First, an absolute maximum period for filing in Australia of 15 months from the first filing in a Convention country can be relied on with certainty. Second, the normal procedures in the Patent Office for handling new lodgements will enable the laying open for public inspection of Convention applications, which are lodged as late as 15 months from the Convention priority date, at the usual time 18 months from that date. Public disclosure by the Patent Office will therefore be unaffected. The Committee does not think it necessary to provide any basis for opposition in the Patent Office to extensions of 3 months or less. The current provisions of section 160 make no provision for opposition to extensions of 3 months or less and this seems to have worked satisfactorily. Third parties ought, however, to have a similar right to seek a compulsory licence by applying to the Commissioner of Patents as is currently enjoyed under the provisions of regulation 50 of the Patents Regulations. This should be a condition in provisions allowing for extensions. The usual right to apply to the Administrative Appeals Tribunal for a review of a decision by the Commissioner should be available.

5.9 Commissioner's discretion

All submissions which advocate extensions of the Convention period suggest that the Commissioner ought to have adequate power to

exercise a discretion to refuse extensions in appropriate cases. The Committee would agree with this, since the Commissioner's discretion is seen as working in the public interest as an important safeguard against any possible abuse of the provisions. Thus, a provision in the Patents Act allowing for extensions of the Convention period in the circumstances outlined above should be conditional on adequate discretionary powers being vested in the Commissioner to enable him to consider the merits of extension applications in the light of all the circumstances. It has been submitted to the Committee that the Commissioner's discretion should be constrained by a definitive spelling out of the circumstances in which it should be exercised. That is not practical given the variety of different circumstances which are likely to arise, and the Committee believes that a wide discretion, subject to a right of review by the Administrative Appeals Tribunal, would provide the greatest flexibility and justice to the parties.

5.10 Extension applications lodged in the past

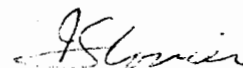
As indicated above at 2.2, the Committee regards the Minister's reference as calling for advice only as to whether extensions of the Convention period should be available to patent applications lodged in the future. The reference does not require the Committee to form any conclusion or to offer any advice as to whether or how extensions of time should be made available to patent applications which have already been lodged, or as to how extensions already granted (or purported to be granted) should be treated in the future in respect of patents already granted or applications pending.

6. RECOMMENDATIONS

The Committee makes the recommendations contained in the following paragraphs in relation to Convention applications lodged in the future.

- 6.1 The Patents Act should not provide for extensions of the period within which to make an application claiming priority under the Paris Convention, except where the applicant shows that he acted diligently with the intention of filing within the 12 month Convention priority period, and where the failure to file within that period was due to circumstances beyond the control of the applicant and his agent or attorney.
- 6.2 Under no circumstances should the period of extension exceed 3 months.
- 6.3 Such extensions should be available at the discretion of the Commissioner of Patents, and the basis for the exercise of the Commissioner's discretion should be adequate to enable him to take into account all the relevant circumstances, including the interests of third parties and the public.
- 6.4 Provisions to protect third party interests, and provisions for review of decisions by the Commissioner, should be similar to those which apply to extensions of time under section 160 of the Patents Act.
- 6.5 The question of extensions of the Convention period should be open for reconsideration by the Committee during the course of its current review of the Australian patent system.

INDUSTRIAL PROPERTY ADVISORY COMMITTEE



J. Stonier
Chairman.

30 January 1981

APPENDIX A1

Minister for Science & the Environment Technology

Parliament House, Canberra, A.C.T. 2600

- 3 DEC 1980

Dear Mr. Stonier,

The question of appropriate provisions in the Patents Act 1952 regarding extensions of time within which to make an application claiming priority rights under the Paris Convention (a Convention application), has been the subject of debate for some time.

As you are aware, on 1 May 1980, the Patents Amendment Bill was introduced into the Parliament. Clause 13 of that Bill introduced provisions whereby in certain circumstances, extensions of time could be granted for the filing of a Convention application.

That clause has been the subject of objection initially by Australian Paper Manufacturers Ltd. (APM) and the Institute of Patent Attorneys of Australia (IPAA). APM have expressed views seeking to have clause 13 and its associated clauses, deleted from the legislation. IPAA on the other hand seek to have the grounds for seeking an extension of time widened to include error or omission on the part of an applicant's agent or attorney. In recent times, the Australian Science and Technology Council (ASTEC) and CSIRO have expressed views similar to those made by APM.

In view of the divergent opinions on this question, I have decided to obtain the advice of your Committee as to whether as a matter of policy, the Patents Act should provide for extensions of the period within which to make an application claiming priority under the Paris Convention, and if so, in what circumstances. Since I wish the legislation to proceed in the forthcoming Autumn Session of the Parliament, your report should reach me by 31 January 1981.

Yours sincerely,

A handwritten signature in cursive script that reads "David Thomson".

David Thomson

Mr. J. Stonier,
Chairman,
Industrial Property Advisory Committee,
C/- BHP Co. Ltd.,
G.P.O. Box 86A,
Melbourne Vic. 3001

APPENDIX A2A2. DETAILED BACKGROUND TO THE REFERENCEA2.1 Convention applications and Convention countries under the Patents ActA2.1.1 - Definitions (section 6)

The meanings of "Convention application" and "Convention country" appear in section 6 of the Patents Act:

"6. In this Act, unless the contrary intention appears - ... 'Convention application' means an application in relation to which Part XVI applies; 'Convention country' means a country in respect of which there is in force for the time being a Proclamation declaring that country to be a Convention country for the purposes of this Act ...".

A2.1.2 - International arrangements and priority rights (sections 140 to 142)

Part XVI of the Act is headed "International Arrangements", and includes sections 140 to 145. The important provisions of Part XVI in so far as this report is concerned are set out below:

"140. (1) The Governor-General may, with a view to the fulfilment of a treaty, convention, arrangement or engagement between the Commonwealth and another country, by Proclamation, declare that a country specified in the Proclamation is a Convention country for the purposes of this Act.

(2) The Governor-General may, by Proclamation, declare a part of the Queen's dominions which has made satisfactory provision for the protection in that part of inventions to be a Convention country for the purposes of this Act."

"141. (1) Where an application for protection in respect of an invention (in this Part referred to as 'the basic application') has been made in a Convention country and a person, being a person referred to in section 34, who -

- (a) is the applicant in the Convention country;
- (b) is the assignee of the applicant in the Convention country;
- (c) is the legal representative of the applicant in the Convention country or of his assignee; or
- (d) has the consent of the applicant in the Convention country or of a person who is his assignee or legal representative,

makes an application, or 2 or more of such persons make a joint application, for a standard patent or a petty patent within 12 months after the date on which the basic application was made, the priority date of a claim of the complete specification or of the claim of the petty patent specification, as the case may be, being a claim fairly based on matter disclosed in the basic application, is the date of making of the basic application."

Section 142 makes provisions similar to section 141 to cover the situation where one Convention application made in Australia is based on 2 or more basic applications.

A2.1.3 - Relationship between the Patents Act and international agreements

It is important to note that "Convention countries" and "Convention applications" are defined by reference to the provisions of the Act and to Proclamations made pursuant to the Act. There is nothing in the Act to limit the terms to any particular international arrangement such as the Paris Convention (see A2.2 below). In fact, although the Paris Convention is generally regarded as the most significant such arrangement in Australia, there is no precise identity in practice between the countries which are party to the Paris Convention and those which have been declared to be Convention countries by Proclamation. Thus, the most recent Proclamation (12 June 1979) does not include Vietnam which is still officially listed as a member of the Paris Union. Some countries (such as Hong Kong) are proclaimed as Convention countries which are not themselves members of the Paris Union, but which are territories of, or otherwise associated with, member countries. The proclamation also lists member countries of the Patent Cooperation Treaty and the European Patent Convention - an application made in one of these countries under the terms of one of these international agreements has been declared to be equivalent to an application made in each country designated in the application.

A2.2 Paris Convention for the Protection of Industrial Property

The Paris Convention is an international industrial property convention which originated in 1887 and established the Paris Union for the Protection of Industrial Property. The text of the Convention has undergone several revisions, the most recent being that of Stockholm in 1967. All major industrial nations are members of the Union,

whose membership presently numbers 90 countries. Australia's membership dates from 1925. The latest Act of the Union by which Australia is bound is the Stockholm revision dating from 1972 (for administration) and 1975 (for substance).

A2.2.1 - Right of Priority

Among the provisions of the Paris Convention is the establishment of a right of priority for a patent applicant who files first in one member country and later in another. The important provisions in so far as this reference is concerned are contained in Article 4 of the Convention:

"Article 4

A. - (1) Any person who has duly filed an application for a patent ... in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the (period) hereinafter fixed. ...

B. - Consequently, any subsequent filing in any of the other countries of the Union before the expiration of the (period) referred to above shall not be invalidated by reason of any acts accomplished in the interval, in particular, another filing, the publication or exploitation of the invention ... and such acts cannot give rise to any third-party right or any right of personal possession. Rights acquired by third parties before the date of the first application that serves as the basis for the right of priority are reserved in accordance with the domestic legislation of each country of the Union.

C. - (1) The (period) of priority referred to above shall be twelve months for patents ...

(2) (This period) shall start from the date of filing of the first application; the day of filing shall not be included in the period.

(3) If the last day of the period is an official holiday, or a day when the Office is not open for the filing of applications in the country where protection is claimed, the period shall be extended until the first following working day ...".

A2.2.2 - National treatment for nationals of countries of the Union

Article 2 of the Convention makes provision for a measure of equal treatment for nationals of member countries. Subject to minor reservations in Article 2(3), the provision which is important here is:

"Article 2

(1) Nationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals; all without prejudice to the rights specially provided for by this Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided that the conditions and formalities imposed upon nationals are complied with."

A2.2.3 - Australia's obligations under the Convention

Australia has agreed under Article 25 of the Paris Convention to give effect to the provisions of the Convention in Australia. However, an international agreement such as the Paris Convention does not pass into law in Australia unless and until an Act of Parliament makes its provisions law. The Parliament is free to legislate in terms which differ in wording or substance from the Convention. In particular, the Patents Act could provide for extensions of the Convention period whether or not such extensions are permitted by the Convention.

A2.3 Extensions of time under section 160, Patents ActA2.3.1 - Section 160

There is a large number of provisions in the Patents Act specifying time limits for performing actions during the prosecution of a patent application before the Patent Office. In some cases there are specific provisions that a further time can be allowed by the Commissioner of Patents. There is, however, one main general provision for extending times in section 160 of the Act:

"160. (1) Where, by reason of an error or omission on the part of an officer or person employed in the Patent Office, an act or step in relation to an application for a patent or in proceedings under this Act (not being proceedings in a court) required to be done or taken within a certain time has not been so done or taken, the Commissioner shall extend the time for doing the act or taking the step.

(2) Where, by reason of -

(a) an error or omission on the part of the person concerned or of his agent or attorney; or

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

an act or step in relation to an application for a patent or in proceedings under this Act (not being proceedings in a court) required to be done or taken within a certain time has not been so done or taken, the Commissioner may, upon application by the person concerned, but subject to this section, extend the time for doing the act or taking the step.

(3) The time for the doing of an act or the taking of a step may be extended under sub-section (1) or (2) although that time has expired.

(4) Where an application is made under sub-section (2) for an extension of time for more than 3 months, the Commissioner shall advertise the application in the Official Journal.

(5) A person may, as prescribed, oppose the granting of the application.

(6) Where an extension of time is granted under this section, such provisions as are prescribed have effect for the protection or compensation of persons who availed themselves, or took definite steps by way of contract or otherwise to avail themselves, of the invention the subject of the application for the patent concerned by reason of the act or step in relation to which the extension was granted not having been done or taken within the time allowed.

(8) This section does not apply in relation to the doing of an act or the taking of a step under section 47, section 47A, section 47B, section 47C or sub-section (1) of section 52B."

The section was introduced into the Act in 1960, and there have been a few amendments made to it since. However, it is not necessary here to go in detail into the legislative history of section 160.

A2.3.2 - Regulations relating to section 160 extensions

The Patents Regulations contain a number of provisions (see Part XIII, regulations 47 to 52) relating specifically to extensions of time under section 160. Those which are important for the purposes of this report are:

"48. Where the Commissioner, in pursuance of sub-section (4) of section 160 of the Act, advertises in the Official Journal an application under sub-section (2) of that section, a person may, within one month after the date of the publication of the advertisement or within such further time not exceeding

one month as the Commissioner, on an application in accordance with Form 11 made within the period of one month after the date of the publication of the advertisement, allows, gives notice of opposition in accordance with Form 12 to the grant of the application."

"49. (1) Where the Commissioner has, upon an application made under sub-section 160(2) of the Act, granted an extension of time, he shall publish in the Official Journal a notification of his decision."

"50. (1) This regulation applies in a case where an extension of time has been granted under sub-section (2) of section 160 of the Act.

(2) A person who availed himself, or took definite steps by way of contract or otherwise to avail himself, of the invention the subject of the application for the patent concerned by reason of the act or step in relation to which the extension was granted not having been done or taken within the time allowed may, within one month after the notification referred to in the last preceding regulation is published or within such further time as the Commissioner, on an application made in accordance with Form 11 within that period of one month, allows, apply in accordance with Form 27 to the Commissioner for the grant of a licence to make, use, exercise and vend the invention the subject of the application for the patent."

"52. The Commissioner shall hear the application for the licence, and, if satisfied that the application should be granted, the Commissioner may grant to the applicant a licence on such terms as the Commissioner thinks just, but, if not so satisfied, the Commissioner shall dismiss the application."

A2.3.3 - Summary of important features of section 160 extensions

The salient features of extensions of time under section 160 which are important here, where the "person concerned" is a patent applicant, are:

- extensions necessitated by Patent Office errors or omission (sub-section (1));
- extensions necessitated by an error or omission on the part of the applicant or his agent or attorney (paragraph (2)(a) of section 160);
- extensions necessitated by circumstances beyond the applicant's control (paragraph (2)(b) of section 160);
- advertisement of applications for an extension of time of more than 3 months (sub-section (4));

- opposition to the granting of extensions (sub-section (5) and regulation 48;
- advertisement of extensions granted (regulation 49);
- protection by way of entitlement to apply for compulsory licences for competitors who have taken steps to use the invention because of the applicant's failure to observe the time limit (sub-section (6) and regulations 50 to 52; note also regulation 51, not reproduced here, which allows the applicant to oppose the granting of a licence).

A2.4 Usage of section 160 before December 1978

A2.4.1 - Spectrum of uses

Before the end of 1978, the Patent Office was prepared to use section 160 to extend a wide variety of times laid down in the Patents Act. However, a survey of advertisements in the Official Journal of extensions granted reveals that there were four particular procedures involving time limits for which extensions were most commonly sought, and all remaining usages were quite uncommon by comparison. Table A2.1 lists numbers of advertisements of extensions granted in the years 1977 and 1978. A further indication of the comparative rareness of the "other" uses of section 160 is that in the period 1961 to 1978 a total of only 46 extensions under section 160 were granted of times other than the main four shown in Table A2.1. It appears that the Patent Office took a liberal view both of the time limits to which section 160 was capable of being applied, and of the circumstances which had to be shown to justify an extension. It also seems that a very small proportion of applications for section 160 extensions were refused by the Commissioner of Patents (although no precise figures are available). The two usages of section 160 which are relevant here are in relation to sections 141/142 and to section 41.

A2.4.2 - Extensions of Convention period

The effect of extending the 12 month period laid down in section 141 or 142 was taken to be that priority would still date from the making of the basic application (the first application made in a Convention country in respect of the invention) notwithstanding that

TABLE A2.1
 ADVERTISEMENT OF SECTION 160 PROCEEDINGS IN 1977 AND 1978

Section	Time Extended	Extension Applications Advertised (more than 3 months)	Extensions
41	Time for filing complete-after-provisional specification (CAP)	4	52
54	Time for acceptance of patent application	27	77
66	Time for sealing patent	10	24
141/142	Time for filing Convention application	2	173
	Other	0	5

Source: Australian Official Journal of Patents.

that period had expired. Extensions of time having this effect of preserving priority are referred to in this report as "extensions of the Convention period" (whether the extension is pursuant to section 160 or otherwise). Data concerning the grounds for and periods of extensions of the Convention period which were granted by the Commissioner of Patents in 1978 may be found in Table A2.2.

A2.4.3 - Extensions of complete-after-provisional period

An applicant for a standard patent may choose to lodge either a provisional specification or a complete specification with the application (section 35). A provisional specification must describe the invention, but the description need not be in the fullest detail. However, after lodging a provisional specification the applicant must within 12 months lodge a complete ("complete-after-provisional" or "CAP") specification, giving a full description of the invention, if his original application is not to lapse. Section 41 reads:

"41. (1) Subject to section 50A, if an applicant for a standard patent does not lodge a complete specification with his application, he may lodge it at any time within 12 months after the date of the application.

(2) Unless a complete specification is lodged in accordance with this section the application shall lapse."

If the complete-after-provisional specification is lodged in time, then section 45 provides that the application will retain priority from the filing date of the provisional specification (subject to compliance with certain conditions not important here). The effect of extending the 12 month CAP period in section 41 is taken to be that the early priority date will be retained, notwithstanding that the complete specification was lodged after the expiry of the period. In this respect, then extensions of the CAP period may be regarded as somewhat similar in effect to extensions of the Convention period, since both were taken to have the effect of preserving a priority date based on an earlier filing more than 12 months before filing a complete specification.

TABLE A2.2

SECTION 160 EXTENSIONS OF CONVENTION PERIOD
DURING 1978¹.

EXTENSIONS ADVERTISED AS GRANTED ² .	Total 114
GROUNDS FOR EXTENSION ³ . <ul style="list-style-type: none"> - Circumstances beyond control - mail delays 87 <li style="padding-left: 40px;">- other 1 - Error or omission - by applicant 3 <li style="padding-left: 40px;">- by agent or attorney 23 	Total 114 <hr/>
PERIOD OF DELAY <ul style="list-style-type: none"> - 1 week or less 63 - 1 month or less 49 - 3 months or less 2 - more than 3 months⁴. 0 	Total 114 <hr/>
OPPOSITIONS lodged under sub-section 160(5) ⁵ .	0
APPLICATIONS FOR COMPULSORY LICENCES lodge under regulation 50	0

1. The information in this Table was supplied by the Secretariat. Figures relate to section 160 extensions of the Convention period, the granting of which was advertised in the Official Journal during 1978.
2. Information as to how many extension applications were made but subsequently withdrawn or refused is not available.
3. All applications were made under sub-section 160(2). Given the nature of the act or step here (i.e. filing of a Convention application) it is difficult to conceive of a situation in which the delay could be occasioned by the Patent Office (sub-section 160(1)).
4. In 1977, however, there were 2 extensions of more than 3 months.
5. The fact that no oppositions were lodged is scarcely surprising since there is provision in regulation 48 for opposition only to extension applications which have been advertised under sub-section 160(4). Only applications for extensions of more than 3 months are advertised, and there were no such applications in 1978.

A2.5 Interpretation of section 160 since December 1978

A2.5.1 - Decisions concerning operation of section 160

The decision of the Administrative Appeals Tribunal on 18 December 1978 in Toyo Pulp Co. Ltd. v. Deputy Commissioner of Patents (reported in the Official Journal at (1978) 48 AOJP 4234) cast the first doubt on the usages of section 160 as outlined above. That decision held that section 160 was incapable of being used to extend the period for acceptance in section 54. Then in early 1979 the Deputy Commissioner of Patents, in a hearing in relation to a patent application, was asked to decide whether or not section 160 could be used to extend the Convention period (Australian Paper Manufacturers Ltd's Application (1979) 49 AOJP 55). In deciding that it could not, the Deputy Commissioner apparently followed advice received from the Attorney-General's Department (see the Second Reading Speech by the Minister for Productivity on the Patents Amendment Bill 1980). The APM decision was made without affording the opportunity for a hearing to another patent applicant with an interest in the outcome, i.e. Canadian Industries Ltd. We do not propose to go into details of that dispute here, but we note that both parties involved have made submissions to the Committee under the current reference.

A2.5.2 - Recent Patent Office practice

Neither of these decisions is a decision by a court, although a decision of the Administrative Appeals Tribunal, when constituted by a presidential member, on a question of law, might be expected to carry some considerable weight in determining Patent Office practice. The Commissioner of Patents has informed the Committee that the Attorney-General's Department has given an opinion that the results in both the Toyo Pulp and the APM cases were correct. The Commissioner now regards himself as precluded from granting any extensions of the Convention period or of the acceptance period. The effects of this change in practice came into sharp relief in mid-1979 when an industrial dispute at the Redfern mail exchange disrupted postal communications between overseas applicants and their Australian patent attorneys, and a significant number of applications failed to be lodged within the 12 month Convention period.

A2.5.3 - Effect of decisions on previously granted extensions

The Attorney-General's Department has given advice to the Commissioner that, on its view that section 160 was inapplicable as a matter of statutory interpretation to extend the Convention period or the acceptance period, it follows that such extensions which the Commissioner had purported to grant in the past were in fact of no effect. As a consequence, on this view, affected Convention priority dates would fail, and in the case of purported extensions of the acceptance period, patents subsequently granted would be invalid. Submissions to the Committee have informed us that views differing from those of the Attorney-General's Department have been expressed by senior members of the Bar. Which of these views is correct has yet to be determined; there has so far been no decision of a court on this point.

A2.6 Patents Amendment Bill 1980

A2.6.1 - General description

As a result of these decisions and the Attorney-General's Department's advice, the Government, through the then Minister for Productivity, introduced legislation into Parliament on 1 May 1980 designed to resolve the problems which had arisen. A general description of the provisions of the Bill is found in the Notes on Clauses circulated by the Minister in association with the Bill:

"General Description of the Bill

The Bill is intended to amend the Patents Act 1952 as the Principal Act to ensure effective provisions which will avoid the possibility of loss of rights by applicants for patents due to inability to file documents associated with patent applications by a due date. The present provisions in section 160 of the Principal Act relating to extensions of time have, as a result of the decision of the Administrative Appeals Tribunal, been found to be inadequate. ...

Essentially, the Bill provides for:

- validation of extensions of time granted in purported pursuance of section 160 of the Principal Act, and of subsequently granted patents and their priority dates, which are invalid or arguably invalid as being ultra vires, together with provisions to protect affected third parties;
- extensions of the period for lodging complete-after-provisional specifications and of the period within which a patent application may be accepted by the Commissioner;

- . extensions for up to 6 months, in exceptional circumstances, of the period for lodging Convention applications;
- . clarification of the grounds for the exercise of discretion by the Commissioner of Patents in granting or refusing applications for extensions of time;
- . ante-dating of documents delivered to the Patent Office which have been subjected to delays in the post, for example because of industrial disputes."

References to provisions which are not relevant to this report have been omitted. A more lengthy explanation of the provisions and of the Government's reasons for introducing the Bill may be found in the complete Notes on Clauses and in the Minister's Second Reading Speech reported in Hansard (House of Representatives), 1 May 1980, pages 2512 to 2517. The Bill was not passed before Parliament was dissolved in 1980 and accordingly it lapsed.

A2.6.2 - Extensions of the Convention period in the Bill (clause 13, section 142AAA)

The Minister's reference directed the Committee's attention specifically to clause 13 of the Bill, which seeks to introduce new section 142AAA. The most important provision for the purposes of this report is sub-section 142AAA(1):

"142AAA. (1) Subject to this section, where, by reason of circumstances beyond the control of a person referred to in sub-section 141(1) or 2 or more such persons (including any agent or attorney of such a person or such persons), an application for a standard patent or a petty patent by that person or those persons was not lodged within the period of 12 months referred to in sub-section 141(1) or 142(1), whichever of those sub-sections is applicable, the Commissioner may, upon the application of that person or those persons, extend, in relation to that application, that period of 12 months for such further period (in this section referred to as 'the extension period'), not being a period that expired more than 6 months after the expiration of that period of 12 months, as is specified in the application under this sub-section."

A2.6.3 - Government's reasons for section 142AAA

The reasons stated by the Government for including proposed section 142AAA may be found in the Notes on Clauses and the Second Reading Speech. It is useful to set them out here. The general view of extensions of the Convention period is set out on page 2516 of the Hansard report of the Minister's speech:

" Without expressing any view as to the desirability in the long term of granting extensions of the Convention period, and bearing in mind the fact that the Industrial Property Advisory Committee is undertaking a review of the patent system, the Government has come to the following views. Firstly, past extensions of the Convention period should be validated. Secondly, extensions of time should be available in principle to applicants claiming priority under the Convention and who have exercised reasonable care in attempting to meet the Convention period, but have failed for reasons beyond their control. Clause 13 of the Bill introduces new section 142AAA to achieve this object.

In the case of extensions of the acceptance period and of the time for lodging complete-after-provisional specifications, the grounds for seeking an extension are the same as those currently set out in section 160. For extensions of the Convention period, however, the grounds in section 142AAA are limited to circumstances beyond the control of the applicant and his agent or attorney. Also, in such cases, the maximum extension to be available is six months. This corresponds to the time at which a Convention application would normally have become open to public inspection if it had been lodged in time.

The provision of these more restricted grounds is appropriate in view of the fact that many countries allow no extensions at all of the Convention period. While a draconian attitude allowing no extensions of the Convention period would not be conducive to the inflow of technology into Australia, it would be unfair to Australian industry to give overseas applicants undue advantages in Australia which Australian applicants do not receive overseas.

As an adjunct to these restricted extensions of the Convention period, I have asked the Commissioner of Patents to raise and pursue in the international industrial property arena, the suggestion that other Convention countries should relax their requirement of strict conformity to the 12 month Convention period. Any developments in this area will clearly be highly relevant to the Industrial Property Advisory Committee's review of the patent system."

A2.6.4 - Particular provisions of section 142AAA

It is useful to draw particular attention to a few of the specific provisions of section 142AAA as explained in the Notes on Clauses:

- Sub-section 142AAA(1) permits extensions of the Convention period, but only to a maximum of 6 months. The grounds for such extensions differ from those in section 160 and proposed section 41A (extensions of CAP period) in that the sole ground is circumstances beyond the control of the applicant and his agent or attorney.

- . Sub-section 142AAA(2) makes it clear that extensions of time would not be precluded from being granted for technical reasons because the extension period had already expired.
- . Sub-section 142AAA(3) sets out certain factors which the Commissioner would have to take into account in considering an application for extension of time, and also makes it clear that he may consider any other relevant matters. (These are the same as the provisions proposed by clause 15 for section 160).
- . Sub-sections 142AAA(4) to (8) lay down procedures to be followed in considering these extension applications. These procedures include allowance for opposition by affected third parties to an extension of more than 3 months, and for protection of persons who take steps to use an invention by reason of the application not having been filed before the expiry of the 12 month period in section 141 or 142.

A2.6.5 - Other provisions in the Bill

There are several other clauses in the Bill which are relevant to the background of this report, and they are summarised briefly here:

- . Clause 15 would amend the general provision in section 160 so as to clarify the grounds for exercise of the Commissioner's discretion, and to exclude certain sections from the operation of section 160.
- . Clause 8 makes it expressly clear that section 160 could be used to extend the acceptance period in section 54.
- . Clause 4 would apply provisions, having the same criteria for operation as those in amended section 160, to enable extensions of the CAP period.
- . Clause 16 would insert section 172B which would enable a type of back-dating by administrative action in circumstances where documents in the mail addressed to the Patent Office suffer postal delays.
- . Clause 9 would make special provision in section 67 for the date of patent where an extension is granted of the CAP period or Convention period, in order to avoid an effectively longer term of a patent where the application had been made after the 12 month period normally permitted.

- Clauses 21 and 22 provide for validation of extensions granted in the past and for compensation of persons who suffer loss of property rights as a consequence of the validation.

A2.7 Opposition to Patents Amendment Bill 1980

So far as this reference and extensions of the Convention period are concerned, there were two main lines of opposition to clause 13 of the Bill after its introduction into Parliament, and the dispute resulted in this reference to the Committee. These two arguments, summarised briefly, are:

- that the Bill should permit no extensions of the Convention period under any circumstances whatsoever;
- that extensions of the Convention period should be allowed, but the restriction to "circumstances beyond control" in section 142AAA should be removed in favour of the broader grounds (including "error and omission") found in section 160 and in proposed section 41A for CAP extensions.

A2.8 Extensions of Convention period in other member countries of Paris Convention

The question of reciprocity with other Paris Convention countries in granting extensions of the Convention period has been raised in some submissions as an important issue. A survey of countries for which information is available reveals the information contained in Table A2.3. The table surveys all countries which are of any importance in terms of:

- (a) number of Convention applications lodged in Australia claiming priority from a basic application lodged in the foreign country (column 2); and
- (b) filings by Australians in the foreign country (column 3).
(Complete figures for Convention filings by Australians are not available).

A2.9 International applications under the Patent Cooperation Treaty

Australia acceded to the Patent Cooperation Treaty (PCT) in 1979, and amendments to the Patents Act (see Part IV A) to implement the Treaty became operational in Australia in 1980. The PCT offers a patent applicant the option of simplified procedures for obtaining a patent in any of the countries party to the Treaty.

TABLE A2.3

ALLOWANCE OF EXTENSIONS OF CONVENTION
PERIOD BY FOREIGN COUNTRIES

Country	Convention Filings in Australia in 1978 ¹ . (% of total of 8,380 applications	Australian Applicant Filings in Foreign Country in 1978 ¹ . (% of total of 2,392 applications	Allowance of Extensions of Convention Period ² .
United States of America	43	22	No
United Kingdom	16	15	Yes ³ .
Federal Republic of Germany	11	8	No
Japan	9	9	n.a. ⁴ .
France	5	5	No
Netherlands	3	2	No
Sweden	3	2	No
Switzerland	3	1	Yes ⁵ .
Italy	2	n.a.	No
New Zealand	1	9	Yes ⁶ .
Canada	1	8	No
South Africa	1	4	No
Other ⁷ .	4	16	-

n.a. = information not available

1. The data in columns 2 and 3 are derived from "Industrial Property Statistics 1978", World Intellectual Property Organization, 1980, charts IV and Ib respectively.
2. "Extensions" here includes provisions for deemed compliance, etc., as well as for extensions of time per se. However, it is not known whether any or all countries also include provisions for declaring extraordinary "dies non" (non-days) in some circumstances. The information in column 4 was supplied by the Secretariat.
3. In the UK non-compliance with a time limit can be excused if the document was posted in the UK and should have reached the Patent Office in the normal course of post.
4. Japan does appear to have some sort of provision for alleviating the effects of mail delays for documents posted in Japan and addressed to the Patent Office.
5. In Switzerland a priority right may be re-established if the applicant proves inability to file within 12 months despite all due care required by the circumstances.
6. In NZ extensions are allowable for good reasons such as mail delays.
7. It is also noteworthy that extensions are not allowed by the European Patent Office.

This is done by lodging only one "international application" designating the countries in which a patent is sought. Priority in all designated countries will then normally derive from the filing of the international application. A patent applicant using the PCT route who designates Australia in his international application thus will retain priority without having to file a separate Convention application in Australia, and difficulties with meeting the Convention period deadline would disappear. It is interesting to note that in the 9 months from April to December 1980 in which the PCT has been operational in Australia, 912 international applications were lodged in which Australia was a designated country.

APPENDIX A3A3 PARTIES WHO HAVE MADE SUBMISSIONS OR COMMENTS

Submissions or comments on the question of extensions of the Convention period have been made to the Committee by or on behalf of the following parties:

- Amalgamated Wireless (Australasia) Limited
- The Australian Manufacturers' Patents,
Industrial Designs, Copyright and Trade
Mark Association
- Australian Paper Manufacturers Limited
- Australian Science and Technology Council
- Canadian Industries Limited
- Commonwealth Scientific and Industrial
Research Organization
- The Institute of Patent Attorneys of Australia
- Monsanto Australia Limited

