Alder IP

Basic Guide to Patents

A basic guide to patents in Australia.

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Basic Concepts

What is a Patent?

A Patent is a legal right to prevent other third parties from using your invention without your permission or authority. In effect, a patent grants the owner a limited monopoly to exploit their invention in a particular country and patents may generally prevent third parties from using, exploiting, importing, or making money from your invention without your consent.

To obtain a patent, an application must be lodged with the Patent Office in the country you are seeking protection. The Patent Office researches the background of your invention and, if they are satisfied the application meets formal legal requirements, a Patent is granted.

Patents are specifically limited to the invention and examples (often called embodiments of the invention) describe the specification that forms part of your patent application. The specification typically includes: a written description of your invention and the background that led to your invention, some drawings or figures, an abstract, and a set of claims. The set of claims is arguably the most important section of the application, the set of claims outline the exact scope of the invention and will be used to determine whether a third party has infringed your rights.

Courts have generally applied a fairly stringent level of review to claim review and interpretation. To provide the best results from the patent system, it is highly recommended that a qualified patent attorney draft and prosecute the patent claims on your behalf.

Basic requirements for a successful patent?

Generally, the basic requirements for a granted patent, in Australia, are that the claimed scope of invention must be: novel (new); inventive (not obvious at the time the invention was applied for); and relate to patentable subject material.

In respect of patents, the novelty requirement is generally that the claimed invention has not been disclosed or used anywhere in the world prior to the original filing date (Priority Date) of the application. This includes public use or public disclosure of your invention by yourself. You should keep your invention confidential and secret until a patent application is filed.

How long does a patent last for?

If the appropriate renewal and maintenance fees are paid, a granted standard patent may last up to 20 years from the Priority Date,. For pharmaceutical inventions, the maximum life span of the patent may be extended a further five years up to 25 years to compensate for time lost to obtain regulatory approval.

Innovation patent applications last up to 8 years, and provisional patent applications last a maximum of 1 year (further applications may be made to extend the life of a provisional application and transform the application into a standard type of application).

Other more unusually types of patent last similar lengths to the standard granted patent, these types include: Divisional Applications, Continuation Applications (in USA), and Continuation In Part Applications (USA).

What is the Priority Date?

Generally, the priority date of a patent application is the date on which the specification detailing the invention was originally filed. When the priority date is discussed in terms of claims of a patent, the priority date is the date from which the actual protection extends from.

When patent rights have been infringed, the patent owner may be able to retrospective legal action for infringement of their rights back to the original priority date.

It is important to file your patent application as soon as practicable to obtain an early priority date.

Keeping invention Secret

It is important to note that you should keep your invention secret and confidential until at least a provisional patent application has been filed for your invention or innovation.

By disclosing your invention before your file your application you may be destroying the novelty and inventiveness of your own invention. Please note that your own disclosures that predate the priority date of the patent application may be used to destroy the validity of your claimed invention by removing the novelty and inventiveness.

Seek Professional Advice

You are always strongly advised to discuss your invention or innovation with a trained and qualified patent attorney. Whilst, it is possible to self-file patent application, there are numerous traps and pitfalls which can befall new patent applications. Many of the issues and problems caused by self-filing patent applications cannot be rectified or corrected at a later date.

You may lose your priority date or complete title to your invention. Alder IP will be happy to discuss your invention with you to avoid possible problems.

What can be patented?

In Australia, for a patent to be granted for an invention, the invention must satisfy the following basic requirements:

- The invention must be a "manner of manufacture". A patent may only be granted for a tangible invention. Patents are not awarded for artistic creations, mathematical models, theories, or purely mental processes. It is generally helpful to consider whether the invention can be commercialised and used to make money.
- The invention must not be specifically excluded under the Patents Act. In Australia, human beings are one of the things excluded from patenting.
- The invention must be new (novel). This means that the invention has not been publicly disclosed in any form, anywhere in the world. Publications include website, trade journals, scientific journals, product sales, product licenses, or public demonstrations of the invention.
- For a standard patent, the invention must include an inventive step (eg it must be non-obvious in your field). For an innovation patent, the inventive step requirement is reduced to an innovative step, which is only requires for the innovation to make a substantial contribution and be distinct from other earlier products.
- The invention must be useful. This means that the invention must function in the way that you state that it works. For example, perpetual energy machines are not useful because they don't work and break laws of physics.
- The invention must not have been secretly used by you to make money or have been commercialised. If you use your invention to make money or revenues, you are not allowed to file for a patent at a later date.

It is also important to note that the actual patent application also has strict requirements to adhere to, if it is to be granted as a patent and these requirements typically include:

- The specification must be clear and complete description of the invention. It is extremely important that your specification including a description and drawings of all the necessary information about the technical aspects of your invention. Patent Attorneys are generally able to assist you making sure you have disclosed the invention in sufficient detail.
- Claims of the patent application draw on the features described in the specification that are essential to making the invention work. It is important to note that in Australia, this requirement is in the progress of being tightened in Australia.
- Claims must define only invention. A patent attorney can give you keep in

making refining your invention to a set of claims.

Should I rely on Patents?

A patent could be considered as fence around your property. It identifies the scope of invention that you own. However, like regular property, patents need to be maintained and owners need to be vigilant to keep their inventions free from third party who will poach your ideas and inventions.

Your business should have a plan for commercialising your invention and this plan should include a patenting strategy and a separate strategy as to how you plan to protect your patent and inventions from unauthorised use.

Your business should consider patent protection if:

- You own invention that is patentable;
- Your business's investors need a level of comfort that your intellectual property is being managed properly;
- The monopoly granted by a patent, allows to continue researching the aspects of product to allow you to bring it to market (e.g. medical devices);
- A thorough search reveals no similar technology

Using a patent attorney to lodge your applications may greatly reduce the risk of serious mistakes and is likely to improve the commercial value of the patent that is ultimately granted.

For inventions, that are either very difficult to copy or reverse engineer, patenting may not be suitable. Also in cases, where the commercial return on the invention is relatively low, the costs of patents may be prohibitive.

If your invention is new and real commercial potential, your business should consider using patent protection to protect your investment in inventions and new devices.

Types of Patents and Patent Applications

There are many general types of patent application. All of the types of patent application have very different uses dependent on the circumstances.

Provisional Application

A provisional patent application is a special application that is not examined by the patent office. This type of application only lasts one year from the filing date.

The main feature of the provisional patent application is that it is kept secret by the Patent Office but reserves your right to file further applications prior to its expiry.

Provisional applications are jointly recognised around the world. Often, inventors can file multiple provisional applications to cover updates to their inventions. The multiple provisional applications may be joined into a single

standard application or PCT application. This process is called cognating.

In Australia, another important feature is that owners of provisional applications can request the patent office to complete a preliminary search (Article 15(5) Search) on a provisional application to discover prior art existing before the priority date. A proportion of the search fee is refunded when and if the application continues to a PCT application.

Provisional applications are very flexible and there are no large formality requirements for filing these applications. Therefore, they can be filed very quickly if the need arises. However, it is important to note that not filing the provisional application up to a standard of a regular application or a PCT application, may render future applications based on the provisional application invalid.

It is important to note that the Patent Office will not object to your invention in a provisional application stage even though the specification may be invalid or insufficient. It is highly recommend that you consult a patent attorney to file provisional applications.

Complete or Convention Application

A complete application is a regular or standard application in Australia. This applications last up to 20 years from the priority date and require maintenance fees to be paid at regular intervals, once granted. Please note that your business will need to file an application in each country you wish to be protected in.

Complete applications are examined by the patent office to check whether they met the basic requirements.

The important to note that once the complete application has been filed it is difficult to add new information to the specification or broaden the scope of claims. However, it is easier to reduce the scope of claims or clarify existing information.

Once an examination report is issued by the patent office, you will receive a deadline. The application must overcome all of the objections raised by the deadline or the application will be refused and you will lose rights to the invention.

Once the complete application is granted, the owner is granted the exclusive rights to commercialise the invention as claimed by the application.

In Australia, it is possible to extend the patent rights beyond the regular maximum 20 year lifespan, but only in cases relating to pharmaceuticals. This is to compensate pharmaceutical manufacturers for the time lost in obtaining regulatory permissions from the FDA (in USA) or TGA (in Australia) to market the pharmaceuticals. Interestingly, medical devices are eligible for extensions in maximum lifespan in USA but not in Australia.

Inventors and owners should note that the specification of the Complete application and PCT applications are both published on the website of the patent office at 18 months from the

original priority date. Once publication has occurred, the application cannot be resubmitted as a provisional application. Also competitors can see and review the specification at this time.

It generally takes about 2-3 years to obtain a granted patent in Australia, overseas jurisdictions may back a lot longer. In some cases, Indian patent applications were being examined after the 20 year maximum lifespan. Please check with your patent attorney for an accurate estimate of time required to obtain a regular patent application.

A convention application is an application that is filed in Australia from overseas under the Paris Convention. This type of application is afforded the same rights as a standard patent application.

PCT Application

There is no such thing as a worldwide patent application. However the PCT application is the closest possible thing. PCT applications stands for Patent Cooperation Treaty Application and they are managed by the World Intellectual Property Office (WIPO) in Geneva, Switzerland. Your Australian patent attorney may file a PCT application through the Australian Patent Office. The Australian Patent Office then passes this application onto the WIPO authorities. A similar process occurs in overseas jurisdiction that are members to the UN convention.

Generally, PCT applications are filed before the Provisional application expires but close to the 12 month expiry date of the provisional application. The PCT applications generally last up to 31 months (so long as the proper procedure is followed).

The PCT application works as a intermediary application before proceeding in each individual country through convention like applications (called national phase entry).

The main features of a PCT application is that the application is examined for novel and obviousness. Applicants are given an opportunity to correct or modify the claims to overcome cited prior art. In this way, the applicant can correct the claims in one application rather than waiting for Examiner's in each country to raise repeated citations and argue in each country.

PCT Applications generally lower the overall cost of examination. Also the PCT application allows inventors and applicants to delay the main cost of patenting which is filing the individual convention applications in each country. This feature often allows inventors or applicants to be making revenues from the product before they have to pay for the expense of national phase filing.

PCT applications are strongly recommended to patent owners who are seeking patent protection in more than one or two countries.

Please note that PCT applications, like provisional applications, are never granted. Rather they are converted

into national phase applications and processed in the individual countries.

Innovation Patent Application (Australia Only)

Innovation patent applications only are available in Australia. These applications are targeted towards innovations rather than inventions and provide a lower cost alternative to a regular patent.

When you apply for an innovation patent, if formalities checks are passed, the application will automatically be published and granted.

There is no automatic examination of novelty or innovative step by the Patent Office, but rather an examination can be requested post grant if necessary.

The disadvantage is that your invention may be published and granted and still invalid because of novelty or innovative step reasons.

You can't take legal action for infringement of an Innovation Patent until you have requested examination and it has been certified as being accepted by the Patent Office.

Other big differences include that the inventive step test is replaced with a much lower innovative step test. This test does not the same amount of stringency as an invention and is much easier to obtain.

Innovation patents up to a maximum of 8 years and the maintenance fees on innovation patent are different.

Innovation patents are excellent at protecting innovations rather than invention. They are also useful in situation of possible infringement, as the patent applications of a regular application may file a divisional Innovation Patent application to quickly and efficiently obtain a granted patent.

Design Patents (USA Only or Australian Registered Design)

A Registered Design (Australia) or a Design Patent (USA) protects the visual characteristics and appearance of an item. The protection targets the "look and feel" of the item rather than the functionality.

In Australia, registered designs are relatively cheap and easy to obtain. The procedure is similar to the innovation patent and no written specification is needed to be filed with the application.

This reduces the costs greatly. The drawback is that they only protect the appearance of the item shown in figures that accompanies the application, relatively small modifications to the appearance of the article may be sufficient to avoid infringement.

Registered designs in Australia typically can last up to a maximum of 10 years.

Continuation or Divisional Patent Applications

Divisional patent applications in Australia, are typically used to separate out multiple inventions in the one patent specification. This type of application is filed, if the applicants seek protection for completely different inventions arises from the same description.

The process is similar to the standard application. However, the delays to examination are often shortened or removed so that the patent office can review the claims close to the parent application.

Divisional application could also be an innovation patent application. This is useful in infringement situations as the patent divisional patent application is granted automatically without affecting the rights in the parent or primary application.

In USA, continuation applications serve the same or similar function to divisional application in Australia. Sometimes, applicants decide on using "continuation practice" in USA. This process involves filing a continuation application every time the application is allowed or accepted. The continuation application may have broader claims than the original parent application.

Timing and Strategy

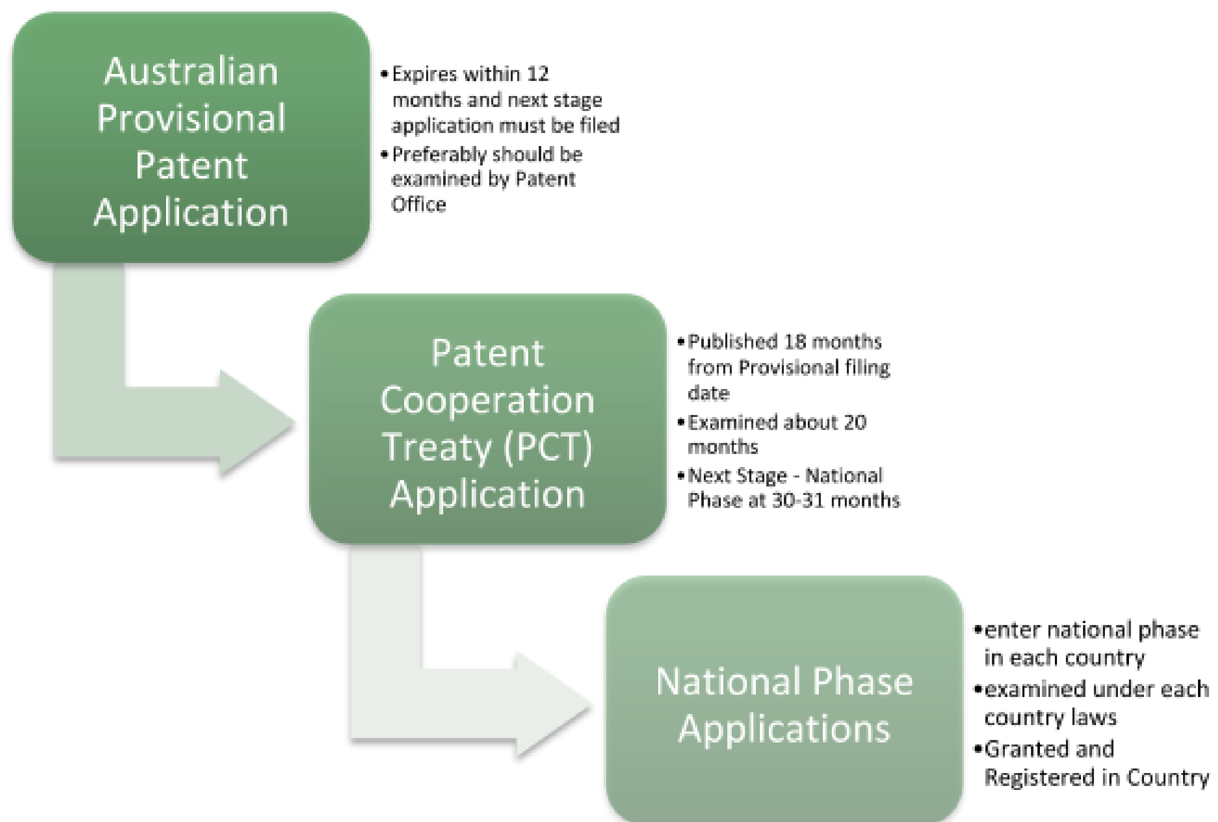
Timing is critical to patenting strategy, as timing determines the overall cost for applicants. Generally, it is in the Applicant's favour to stretch out the costs of patenting over a longer time period to not adversely affect the cash flow of their business.

Preferred Overall Process for Patenting

The following diagram may be used as a quick guide and overview of the general timing and strategy of the most basic patent process. Typically, a provisional application is filed and followed with a PCT Application and National Phase Applications.

Please note that the following process is only recommended for situations where the applicant of the patent family is seeking protection in more than one or two countries.

Please note that other processes are possible and you should consider discussing the best patent strategy for your circumstances. Please note that there is not a one-fit-all strategy for patents and you must consider a lot of factors.

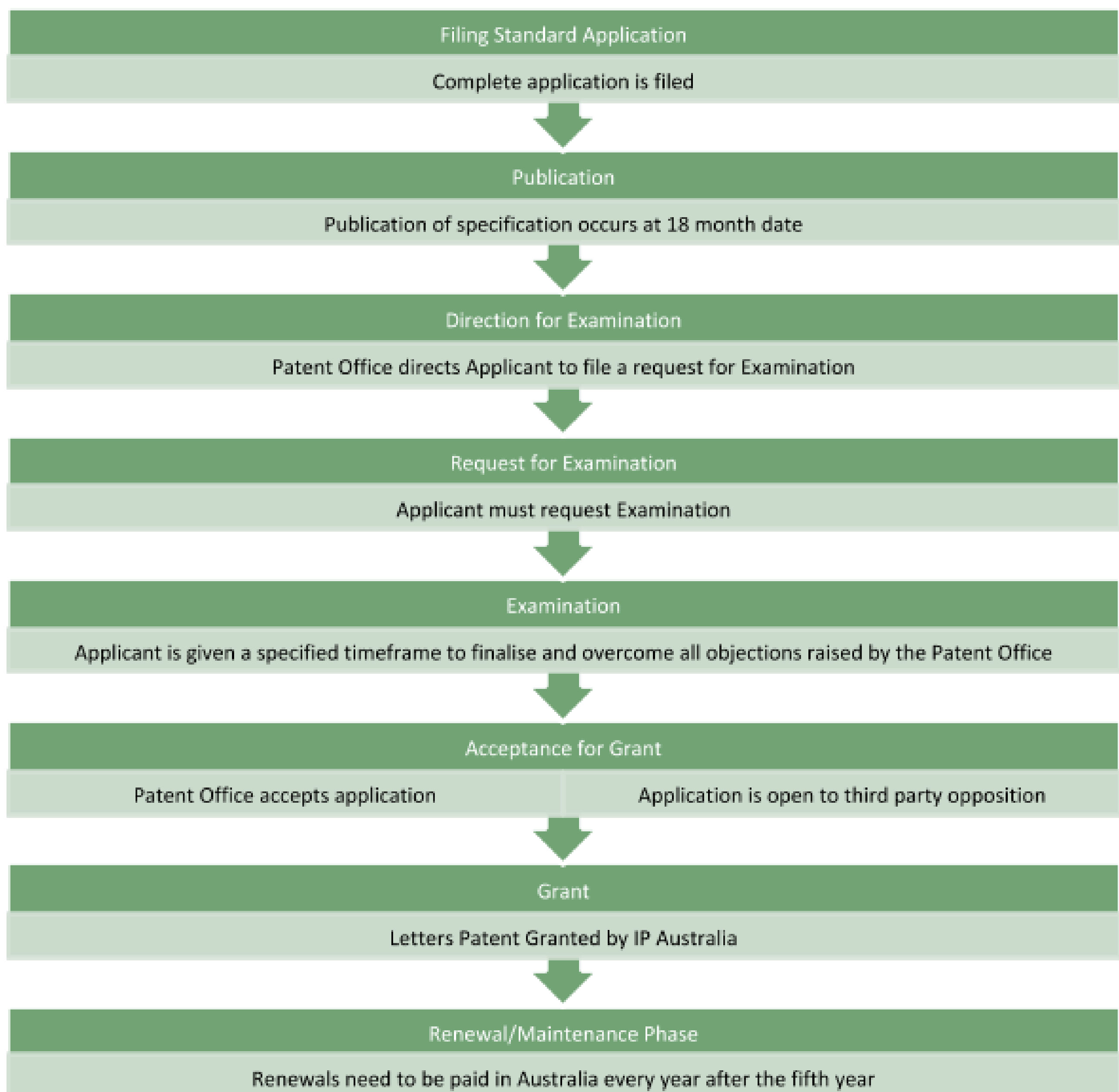


Other important issues include: choice of national phase country; timing of specification publication; divisional and continuation practice; and choice about where your business is operating (manufacturing and selling).

The following diagram shows a typical filing pattern for national phase countries including: USA, Australia, China and Europe. Patent Applicants should have a patent attorney review their circumstances in respect of which countries to file applications within.

Standard Process for Complete (or ordinary or national phase applications) Patent Application

Standard patent applications in Australia generally follow the below flowchart. Please note that oppositions lodged by third parties are not shown in detail.



Searching of Patent Databases

Patents can be searched a number of ways. Searching is important as you can discover the patent landscape of your own patent application and discover the intrinsic value of each application.

Also, you can discover patent and technology which your competitors are developing or are planning to produce. Please note that there is a 18 month delay for patent applications and therefore only patent applications over 18 months old are searchable.

Searching also allows you to avoid infringement of existing patent claims. Please note that if you are planning on avoiding targeted patents or patent applications. You should seek specific advice from a patent attorney.

Free Search Databases

There are numerous free databases to search for inventions. Most patent offices around the world have freely accessible databases on the internet to allow users to search for patent and patent applications. The main problem is that you can only search in one country at a time.

Some companies have developed patent databases from data-mined information and this information is also searchable. They provide a quick and easy way of searching for your invention with often no cost.

Examples are www.patentlens.com and Google Patents.

Third Party Searches

There are also third party search companies that will investigate your patent ideas on your behalf. Most of these organisations will sign confidentiality agreements with the applicants if requested. Alder IP strongly recommends getting these agreements in place prior to conducting searches.

The advantages of using these companies is that they complete a more further search using classification techniques and search strategies using keywords.

The results are much more reliable than searches which applicants can complete through the free patent search databases.

Article 15(5) Search

An Article 15(5) search may be conducted by the Patent Office on a provisional application. The search results are usually recycled by the patent office when the application proceeds to PCT and standard applications.

The patent office will also refund a portion of the search cost, if the scope of the patent application has not changed to dramatically during the prosecution.

Article 15(5) searches are useful in assessing the novelty and inventive step of the provisional patent application, before applicants have invested a lot of time and money in the application.

Alder IP strongly recommends the use of these types of searches before filing a PCT application based on a provisional application.

IP Commercialisation Strategies

There are numerous commercialisation strategies for IP. The main factors that should be considered are:

- What type of protection is best suited to your business? – an experienced IP professional can help you answer this question and provided you with a strategy that is the best fit for your business;
- Budgeting for IP costs – IP registration can be expensive and your business should budget for future IP costs in your business plans. Your IP strategy needs to be reconciled against budgeted expenditure for your business;
- What countries should your business protect IP? This is a complex question and needs to be evaluated in light of your business model and your business's industry. Alder IP usually recommends looking at the factors that affect your business in different countries and making a comparison of the cost and benefits of registering in each individual country. These factors may include: where are suppliers located; where are customers located; where are competitors located; and how enforceable is the IP right in each jurisdiction.
- Timing – one of the critical factors to IP management and strategy is timing. Applications should be filed as soon as possible to reduce the likelihood of competing technologies being invented and filing by your competitors. Also timing of applications can be used to your advantage by spreading the IP costs over a longer period to reduce the impact on your business's cash flow. This effect can make paying for the costs of IP registration easier as your business is likely to be selling more products or services in the future and real cost of cash for a start-up business is very high.

Alder IP commonly works with its clients to develop IP strategies that deliver significant advantages in terms maximising benefits and limiting costs. Please contact us to discuss how an IP strategy can assist your business.

Further Information

This guide has been produced by Alder IP for use for businesses using IP. Please note that your unique circumstances may differ from the information set out in this guide. We recommend that before proceeding on any course of action in relation to IP that you seek specific expert advice.

Please contact Alder IP for more information contact us on + 61-2-8005-0425 or visit our website at -www.alderip.com.au . Please note that this guide has been written in respect of the laws and rules in Australia and may not be suitable for use in other jurisdictions.

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