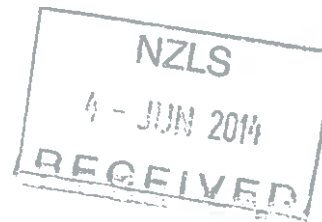




03 JUN 2014

Chris Moore
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Dear Mr Moore

Thank you for your letter of 2 April 2014 to myself and Mark Pritchard regarding "poisonous divisionals".

The term "poisonous divisional" has been coined to describe a situation where a divisional patent application could form part of the "prior art base" for its parent application, or vice versa, under the "whole of contents" approach to novelty. In some circumstances this could lead to the parent or divisional (or both) being denied a patent or to a granted patent being revoked.

You have cited a recent decision by the United Kingdom courts (*Nestec v Dualit* [2013] EWHC 923) made under the United Kingdom Patents Act 1977 as an example where this "poisonous divisional" approach has been used to invalidate a granted patent. Although this is a recent decision, the legislative provisions involved have been in place since the United Kingdom Patents Act 1977 entered into force.

As I understand the matter, the problem of divisionals "poisoning" their parent applications (or vice versa) does not arise with all divisional applications, but arises only in certain circumstances. These are:

- i. a patent application ("A") is filed claiming priority from an earlier application ("P");
- ii. application A discloses and claims a broader form of the invention disclosed in P;
- iii. a divisional application ("D") is divided from A.

Under the "whole of contents" approach to novelty, the disclosure of D can destroy the novelty of the claims of A, as the disclosure of D is entitled to claim priority from P, while the claims of A are not, as they claim matter not disclosed in P. This outcome is not what was intended by the "whole of contents" approach to novelty.



You have suggested that "poisonous divisionals" could be a problem under the Patents Act 2013, as this also uses same the "whole of contents" approach to novelty as the United Kingdom Patents Act 1977. There is no problem under the "prior claiming" approach used in the Patents Act 1953.

In light of the approach taken by the United Kingdom courts in *Nestec v Dualit* it is not impossible that the "poisonous divisional" problem could arise in New Zealand. This suggests that there may be value in amending the Patents Act 2013 at some stage to remove any possibility of the problem occurring in New Zealand.

You have proposed that this be achieved through an amendment to section 8(2) of the Patents Act 2013. The proposed amendment appears to be intended as a general "anti-self-collision" provision that would apply to all patent applications, not just parent and divisional applications.

The Patents Bill as originally introduced contained a general anti-self-collision provision (clause 8(3)). This provision was introduced, because, at the time, a similar provision was proposed in the WIPO draft Substantive Patent Law Treaty (SPLT). There appeared to be little enthusiasm among WIPO members for such a provision. Negotiations on the SPLT broke down in 2004 and are unlikely to resume anytime soon.

When the Patents Bill passed through its Select Committee stage, most submitters who dealt with clause 8(3) opposed the provision. In light of this, and the fact that most other countries do not have similar provisions, clause 8(3) was deleted from the Bill. On this basis, we consider that, while, a general "anti-self-collision" provision would deal with the "poisonous divisional" problem, such a general provision is not justified. Instead, a specific provision, applying only to applications linked by the parent-divisional relationship may be more appropriate.

Such a specific provision would need to be carefully considered to ensure that it was effective, and did not give rise to unintended consequences. The need for careful consideration, and to ensure that all interested parties are consulted, means that it would not be appropriate to advance such an amendment in the Patents (Trans- Tasman Patent Attorneys) Amendment Bill.

In the meantime we will consider how any amendment might be progressed. This will need to take account of the Ministry's work priorities, which will be the subject of discussions with the incoming government following the election later this year, and the availability of a suitable legislative vehicle. In light of the current proposals regarding the establishment of a single patent examination process with Australia, we would also need to discuss any proposed amendment with IP Australia.

Thank you for bringing this issue to our attention. Please do not hesitate to get in touch with us if you wish to discuss this matter further.

Yours sincerely



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