

## The Absurdity of the Unauthorised Disclosure Provisions in Australia

By Vaughan Barlow<sup>1</sup>

### 1. Introduction

In Australia there are legislative provisions that allow for unauthorised disclosures to be disregarded for prior art purposes. While these provisions can effectively combat unauthorised disclosure of non-patent literature, they can also result in clear absurdities when the unauthorised disclosure occurs in patent literature.

This article briefly describes the unauthorised disclosure provisions under the *Patents Act 1990*, then follows several case studies to illustrate how the provisions can lead to absurd results where the unauthorised disclosure occurs in a patent document that is cited as “novelty-only” prior art.

### 2. “Unauthorised disclosure” provisions in Australia

The unauthorised prior disclosure of information that is then legitimately included in a later-filed patent application can be highly problematic for the patent applicant. In such circumstances, the unauthorised prior disclosure can be cited as prior art against the invention that is being claimed in the patent application, thereby supporting objections such as lack of novelty and/or lack of inventive step during patent prosecution. Even if the unauthorised prior disclosure is not cited as prior art during prosecution, it may nevertheless represent a permanent weakness for any patent granted, given that under Australian law there is no presumption of validity<sup>2</sup>. Indeed, any invalidity actions that are commenced either through opposition or revocation proceedings are reviewed by the patent office or the courts *de novo*.

Unauthorised prior disclosure of information can occur in many different circumstances. Usually, the disclosure is unauthorised because it occurs in breach of an obligation to treat the information as confidential, for example, by an employee or a collaborator. In other circumstances, the disclosure may result from corporate espionage or computer hacking. In any case, despite the inclusion of confidentiality clauses in contracts of employment and other legally binding documents such as joint ventures and research options, and despite the use of dedicated non-disclosure agreements, it is not uncommon for confidential information that is intended to be included in a patent application to be publicly disclosed prior to filing of the application.

In order to ameliorate the problems for patent applicants that can be created by unauthorised disclosure, the Australian *Patents Act 1990* allows for prior art to be disregarded if that art was made publicly available without the authority of the patent applicant. The relevant provision is section 24(1)(b) which reads as follows:

- 
1. Vaughan is a legal practitioner admitted to the Supreme Court of New South Wales and a patent attorney registered to practice before the Australian Patent Office and the Intellectual Property Office of New Zealand. Vaughan is also a trade marks attorney registered to practice before the Australian Trade Marks Office. Vaughan practices with Pizzeys Patent and Trade Mark Attorneys: [www.pizzeys.com.au](http://www.pizzeys.com.au).
  2. Section 20 *Patents Act 1990*.
-

**Section 24: Validity not affected by certain publication or use**

- (1) For the purpose of deciding whether an invention is novel or involves an inventive step or an innovative step, the person making the decision must disregard:
- (a) ....
  - (b) any information made publicly available without the consent of the nominated person or patentee, through any publication or use of the invention by another person who derived the information from the nominated person or patentee or from the predecessor in title of the nominated person or patentee;

but only if a ~~complete patent~~ application for the invention is made within the prescribed period<sup>3</sup>.

The “prescribed period” mentioned at the end of Section 24 is set out under Regulation 2.3 (2) as follows:

- (2) For the purposes of subsection 24 (1) of the Act, in the case of information of the kind referred to in paragraph 24 (1) (b) of the Act, the prescribed period is 12 months from the day when the information referred to in that paragraph became publicly available.

Because Section 24(1)(b) relates to disclosures made by “another person”, it is distinct from the 12 month “grace period” relating to self-publication provided under Section 24(1)(a), whereby a complete Australian patent application filed within 12 months after a self-publication will be immune from that self-publication<sup>4</sup>.

Similar to the grace period provision of Section 24(1)(a), the effect of the unauthorised disclosure provision under Section 24(1)(b) means that any complete Australian patent application<sup>5</sup> filed within 12 months after an unauthorised public disclosure will be immune from that disclosure. This provision can therefore provide relief against the effects of unauthorised disclosure of non-patent literature.

However, what if the unauthorised disclosure is incorporated into a patent application that is filed prior to the authorised patent application, but only becomes published after the filing of the authorised patent application? Under Australian law, such an earlier filed complete Australian patent application<sup>6</sup> can qualify as prior art for the purposes of

---

3. Note that the marked portion shows changes introduced by the *Intellectual Property Laws Amendment (Raising the Bar) Act* 2012, passed on 15 April 2012. The changes do not resolve the issues discussed in this article.

4. Section 24(1)(a) *Patents Act* 1990. Note also that Section 88 deems that a PCT application designating Australia be treated as a complete Australian application (whether or not Australian national phase was entered from the PCT application). Accordingly, the 12 month grace period runs from the date of disclosure to the date of filing either an Australian complete application or a PCT application designating Australia.

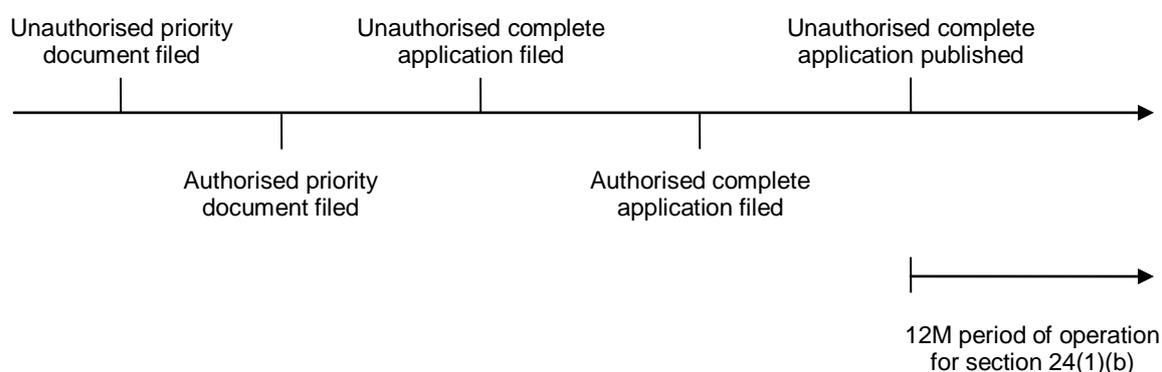
5. Or a PCT application designating Australia, per Section 88 *Patents Act* 1990.

6. Or a PCT application designating Australia, per Section 88 *Patents Act* 1990.

novelty, even if it was not published when the later patent application was filed<sup>7</sup>. This is similar to a “novelty-only” citation available under the European Patent Convention (EPC). Under Australian law, this form of prior art objection is known as a “whole of contents” objection. Similar to the EPC, it may be used only to support a novelty objection, and not an inventive step (or obviousness) objection.

Hence, as shown in the diagram below, a patent application that contains an unauthorised disclosure may be classified as a “novelty only” citation if the unauthorised patent application was earlier filed but was not published at the time when a subsequent (authorised) patent application was filed containing the same information. The absurdity comes about because the authorised patent application was filed before publication of the unauthorised patent application, but Section 24(1)(b) only applies if the authorised patent application is filed within 12 months after the unauthorised disclosure. The result is absurd not only because it means there is no ability for the legitimate patent applicant to overcome the novelty objection based on citation of the unauthorised disclosure in the earlier filed patent application, but also because, if the legitimate patent applicant had waited and filed the authorised patent application later, that is, after publication of the unauthorised disclosure, then Section 24(1)(b) could be invoked, thereby allowing the unauthorised disclosure to be disregarded.

#### Application of unauthorised disclosure provisions



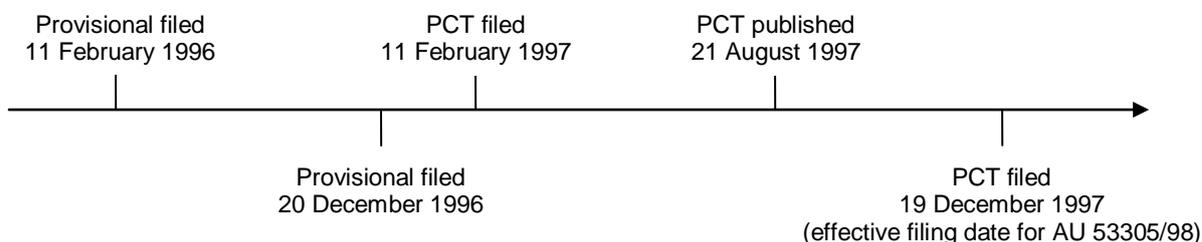
Unfortunately, the above scenario is not merely a theoretical possibility, but has in fact occurred. Set out below are two brief case studies demonstrating how absurd results have occurred based on the shortcomings of Section 24(1)(b).

### 3. Case Study 1: *Thomson CSF v Schlumberger Holdings Limited*

Section 24(1)(b) was applied in the decision in *Thomson CSF v Schlumberger Holdings Limited* [2001] APO 11 (5 March 2001) which concerned citation of a PCT application against AU 53305/98 during prosecution. The sequence of filings was as follows:

7. Section 7(1)(c) *Patents Act* 1990.

Filing history for cited prior art



Filing history for application at issue – AU 53305/98

In this case, as summarized by the hearing officer, “the ... applicant was seeking a finding on the facts that would exclude the [prior filed] application from the prior art base for the purpose of its own application ... That is, the intention was to enliven the provisions of Section 24(1)(b) on the basis of a[n unauthorized] disclosure ...”. The disclosure in the prior filed patent application was established on the facts as being unauthorized. Due to the sequence of filings, the prior filed PCT patent application was cited in support of a novelty-only “whole of contents” objection. Notably, AU 53305/98 was effectively filed after publication of the cited patent application.

In considering the issues under section 24(1)(b), the hearing officer stated that:

*“It would seem that having filed its PCT application on 19 December 1997 designating Australia, SHL has filed a patent application that may satisfy the provisions of Section 24(1)(b) and Regulation 2.3(2). That is, it was an application for a standard patent filed within 12 months of the publication of the current application on 21 August 1997. Section 24 provides that any information made publicly available in those circumstance must be disregarded for deciding if an invention is novel or involves an inventive step if it was made available without the consent of the nominated person or patentee or predecessor in title.”*

Accordingly, and as would be expected, it was held that section 24(1)(b) should apply in order to protect the patent applicant’s rights against the unauthorized disclosure in the prior filed and prior published PCT application. In considering this decision, it is important to recall that under Australian law, a novelty-only “whole of contents” objection can only be supported by a prior filed complete Australian patent application, but that a PCT application designating Australia is regarded as a complete Australian patent application<sup>8</sup>. Hence, the cited PCT application which designated Australia qualified to support the novelty-only “whole of contents” objection.

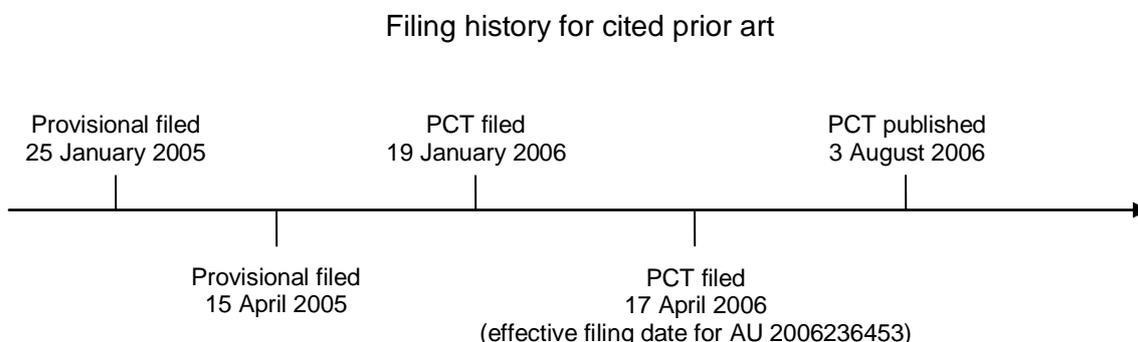
**4. Case Study 2: Australian patent application no. 2006236453**

During prosecution of Australian patent application no. 2006236453, the examiner alleged that various claims lacked novelty in light of a PCT application. The cited art published after the earliest claimed priority date of AU 2006236453, but because the

---

8. Section 88 *Patents Act* 1990.

cited art nevertheless claimed an even earlier priority date, it was cited on the basis of a novelty-only “whole of contents” objection. The sequence of filings was as follows:



Filing history for application at issue – AU 2006236453

It was established that the cited art, insofar as it was relevant to support the novelty objection, constituted an unauthorised disclosure. Indeed, declaratory evidence was provided by the applicant of the cited PCT application confirming that the disclosure was unauthorised. It would therefore appear logical that the unauthorised disclosure provisions should also apply in this case. The only substantive difference between *Thomson CSF v Schlumberger Holdings Limited* and this case was that AU 2006236453 was filed before publication of the cited patent application rather than after publication.

Understandably, however, the examiner did not apply Section 24(1)(b) and the cited art could not be disregarded. Absurdly, if the patent applicant had waited and filed its application later, that is, after publication of the unauthorised disclosure in the cited PCT application, then Section 24(1)(b) would have been invoked, allowing the unauthorised disclosure to be disregarded. Ultimately, using an unusual filing strategy peculiar to Australia, AU 2006236453 was retrospectively converted to a divisional / continuation application of the cited application, thereby allowing the novelty-only “whole of contents” objection to be circumvented<sup>9</sup>.

## 5. Conclusion

The Australian *Acts Interpretation Act* (1901) requires that legislation be interpreted “in a manner that would promote the purpose or object underlying the Act (whether that purpose or object is expressly stated in the Act or not)” and in manner that would avoid a manifestly absurd or unreasonable result. However, the effect of Section 24(1)(b) means that there is no ability for a legitimate patent applicant to overcome citation of an unauthorised prior disclosure occurring in a patent document that is cited in support of a novelty-only “whole of contents” objection. This absurdity is compounded by the fact that, in such circumstances, had the legitimate patent applicant waited and filed its

---

9. Note also that cited patent literature containing an unauthorised disclosure may give rise to a claim of inventorship and applicant status by the true owner, and hence its citation against a later filed authorised application may be overcome by obtaining a declaration of entitlement under Section 36 of the *Patents Act* 1990, and/or by a Commissioner’s determination under Section 32 of the *Patents Act* 1990.

patent application after publication of the earlier filed application containing the unauthorised disclosure, then Section 24(1)(b) would apply.

There are no other provisions under the Australian *Patents Act* that allow for unauthorised publication of patent literature to be disregarded for the purposes of considering novelty, where such publication occurs after filing of the application at issue<sup>10</sup>. Accordingly, there is an urgent need for the unauthorised disclosure provisions in the Australian *Patents Act* 1990 to be amended in order to avoid the absurd results to date. In this regard, it is unfortunate that the recently enacted *Intellectual Property Laws Amendment (Raising the Bar) Act* 2012 does not resolve the issues discussed in this article.

---

10. Note that, depending on circumstances, such an objection may be circumvented by obtaining ownership of the cited patent, as per reference 9 above. However, this often provides further difficulties, for example, in relation to adopting the cited specification and needing to satisfy other patentability criteria such as claim support.

---