

IN THE INTELLECTUAL PROPERTY OFFICE OF NEW ZEALAND

[2021] NZIPOPAT 6

IN THE MATTER of the Patents Act 2013

AND

IN THE MATTER of patent application number
738493 in the name of and
GANYMED

PHARMACEUTICALS GMBH and
TRON-TRANSLATIONALE
ONKOLOGIE AN DER
UNIVERSITÄTSMEDIZIN DER
JOHANNES GUTENBERG-
UNIVERSITÄT MAINZ
GEMEINNÜTZIGE GMBH

Applicant

AND

IN THE MATTER of request under regulation 154 to
be heard regarding an objection
under regulation 82(b)

Hearing on 11 March 2021

C L Elliott QC for the applicant

K Innes for the applicant observing

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Summary – the applicants are successful.

1. This is a decision on the refusal to accept divisional patent application 738493 (**the 493 application**) on the basis that the claims are the same or substantially the same (**double patenting**) as those of the parent patent 718280 (**the 280 patent**).
2. The applicants are Ganymed Pharmaceuticals GmbH and TRON-Translationale Onkologie an der Universitätsmedizin der Johannes Gutenberg-Universität Mainz Gemeinnützige GmbH (**the Applicants**).
3. The applicants agree there is no justification for an applicant having two patents for the same invention. The applicants' challenge is to whether surrendering the granted parent 280 patent overcomes the double patenting objection.¹
4. The Intellectual Property Office of New Zealand's (**IPONZ**) position is that surrender of the 280 patent does not cure the double patenting problem. This position is based on its strict interpretation of reg 82 of the Patent Regulations 2014.²
5. The relevant part of reg 82 reads:
 - (b) in the case of a divisional application, if the Commissioner has accepted the complete specification relating to a parent application, that the divisional application must not include a claim or claims for substantially the same matter as accepted in the parent application; and...
6. The IPONZ position relies on the wording 'as *accepted* in the parent application' meaning the claims of the parent application must be considered as they stood at the time the parent application was 'accepted'. The form of the parent patent claims at the time of acceptance of the divisional application is not considered relevant by IPONZ.

¹ This was proposed by FB Rice for the applicants in its response of 4 February 2019 to the first examination report of 22 November 2018.

² References in this decision to the Act or the Regulations are to the Patents Act 2013 and the Patents Regulations 2014 unless otherwise indicated.

7. The applicants say that the examiner's decision is fundamentally flawed, on both procedural and substantive grounds.³
8. There are two reasons for my finding the surrender of the 280 patent overcomes the double patenting objection.
9. First, the divisional 493 application was filed before the amended reg 82 came into force. For that reason the 493 application should be addressed under the law as it was when the 493 application was filed. In that case the surrender of the 280 patent resolves the double patenting objection.
10. Second, in the event my first finding is wrong, I consider reg 82 is not clear regarding the impact of post-acceptance changes to the claims of the parent patent. While there is merit in the IPONZ position, if a strict interpretation of 'accepted' is taken, on balance the plain text in conjunction with the purpose of the amendment to reg 82(b) indicates the surrender of the parent patent should be taken into account.

Double patenting.

11. The prohibition on double patenting is a reflection of the policy that it is undesirable to have two granted patents for the same invention. There is no justification for a person to have two patents for the same invention.
12. In *Abbott Laboratories*⁴ the Assistant Commissioner referred to the policy against double patenting by citing a passage from the early United Kingdom decision *Dreyfus' Application*:⁵

The Patents Acts do not appear to contemplate and provide for a situation such as has arisen in this case and I infer from the absence of provisions that it was not intended to allow one man to have two grants for the same invention. Why should he? If two, why not three? The result would be to cause confusion in matters which ought to be as clear as possible. A patent confers a monopoly. There is no sense in saying twice over that a man is to have a monopoly in respect of one and the same invention. I am of the same opinion as the *Assistant Comptroller*, that to do so would lead to considerable public inconvenience and possibly to public damage.

³ Applicant's submissions at [4].

⁴ *Abbott Laboratories* [2003] NZIPOPAT 16.

⁵ *Dreyfus' Application* (1927) 44 RPC 291.

The *Assistant Comptroller* was right, in my judgment, and I dismiss the appeal.

13. This has been a long standing policy in New Zealand and can be found expressed in the following ways in patent regulations:

13.1. **Date of divisional application** – reg 23(2) of the Patents Regulations 1954:

The Commissioner may require such amendment of the complete specification filed in pursuance of either of the said applications as may be necessary to ensure that neither of the said complete specifications includes a claim for matter claimed in the other;

13.2. **Divisional applications** – revoked reg 52(3)(a):

the divisional application must not include a claim or claims for substantially the same matter as claimed in the parent application;

13.3. **Acceptance of Complete specification** - reg 82(b):

in the case of a divisional application, if the Commissioner has accepted the complete specification relating to a parent application, that the divisional application must not include a claim or claims for substantially the same matter as accepted in the parent application.

14. In this case I am considering whether the divisional application should be accepted in the face of the already accepted parent patent under reg 82(b).
15. The same issue arises when considering acceptance of a parent patent in the face of an already accepted divisional application, by way of reg 82(c). Similarly, the repealed reg 52(3)(b) and the 1954 reg 23(2) cover that situation.

Are the claims of the 280 and 493 patents substantially the same?

16. The subjects of the 280 patent and 493 application are reflected in the abstracts, both of which read:

The invention relates to antibodies directed against an epitope located within the C-terminal portion of CLDN18.2 which are useful, for example, in diagnosing cancer and/or in determining whether cancer cells express CLDN18.2.

17. There is no issue as to whether the claims of the 493 application are substantially the same as the claims of the 280 patent, they are. I do not need to discuss the nature or scope of the claims.
18. Ms Innes, the applicant's agent, provides a statutory declaration where she declares the 493 application was filed as a "precaution and to retain flexibility to pursue broader subject matter if required."⁶

Overcoming a double patenting objection.

19. Under reg 23(2) of the Patent Regulations 1954 and reg 52 of the Patent Regulations 2014 there were a number of ways of overcoming an objection of double patenting.
20. These included:
 - Amending the claims of a pending application;
 - If one of the parent or divisional applications is accepted/granted the claims of the accepted/granted patent could be amended;
 - The accepted or granted parent or divisional could be surrendered.

First issue - Which regulation applies?

21. The first challenge to the IPONZ objection is that the wrong regulation has been applied. It is argued that reg 52(3)(a) should apply because that was the regulation in force at the time the divisional application was made.
22. Details of the divisional 493 application include:

Divisional filed:	18 December 2017
Examination reports (3x):	22 November 2018 onwards
Hearing sought:	7 November 2019

⁶ Statutory declaration of Karen Innes dated 4 March 2021 at [8].

23. Regulation 52(3)(a) was revoked and regulation 82 was amended with effect from **5 April 2018**.
24. There are no transitional provisions in the Patents Amendment Regulations 2018. Accordingly, the usual rules to interpreting enactments apply.
25. Section 9(1) of the Interpretation Act 1999 provides:

Regulations or enactments in regulations come into force on the date stated or provided in the regulations for the commencement of the regulations or for the commencement of the enactments.
26. Section 7 of the Interpretation Act provides:

An enactment does not have retrospective effect.
27. Mr Elliott QC refers to *Burrows and Carter Statute Law in New Zealand* and the detailed discussion on the leading cases on retrospective legislation.⁷ The general theme is that there is a presumption against retrospectivity as it offends against the basic principles of justice and is undesirable.
28. The authors of *Burrows* note the line between prospective and retrospective effect is not always clear cut. Examples are given of statutes that are ostensibly forward looking but have been interpreted as having retrospective effect.⁸
29. One view may be that the first examination report issued after 5 April 2018 and so reg 82 should apply. I do not consider this is the correct approach given the 493 application was made before 5 April 2018.
30. There are valuable proprietary rights at stake under the Patent legislation. I consider there should be clear direction in a patent enactment if it is intended to have a retrospect impact on those rights.
31. I do not consider reg 82 is ostensibly forward looking but retrospectively catches those divisional applications that are yet to be examined, part way through the examination process, or in order and waiting to be formally accepted.

⁷ JF Burrows and CI Carter *Burrows and Carter Statute Law in New Zealand* (5th ed, LexisNexis, Wellington, 2015) at 619 - 620.

⁸ For example, adopted children claiming under the Family Protection Act 1955. The authors note 'It is probably no coincidence that all of these Acts had what might be described as a beneficial social purpose.'

32. When an applicant files an application they are entitled to expect the application will be examined on the basis of the law at that time. I am not satisfied it would be just if the ground changes under an applicant's feet part way through the process of obtaining acceptance of the application.
33. The 493 application was examined under reg 82(b) and the applicant's agent also proceeded on the basis that reg 82(b) applied. Even so, the examination criteria that should have been applied to the 493 application were those that stood when the application was submitted. That is reg 52(3)(a).

The application of reg 52(3)(a).

34. How reg 52(3)(a) was applied by IPONZ can be seen by looking at what happened to the 280 patent when it was examined.
35. Details of the 280 patent include:

Divisional filed:	22 March 2016
Accepted:	13 April 2018
Granted:	31 July 2018

36. The 280 patent was itself a divisional application (forming part of a **daisy chain** of divisional applications). It was divided from patent 700823 (**the 823 patent**), which is the New Zealand national phase application based on the international Patent Cooperation Treaty application PCT/EP2013/001331. Details of the 823 patent include:

National phase application:	13 October 2014
Accepted:	27 July 2016
Granted:	1 November 2016
Surrendered:	18 December 2017
Revoked:	22 February 2018

37. In terms of this daisy chain of divisional applications I note there is also a further divisional application 758988, which was filed out of the 493 patent on 7 November 2019.

38. When the 280 application was examined the 823 patent had been granted and a double patenting objection was raised.
39. In order to overcome the examination objection the granted 823 patent was surrendered. This was accepted as of overcoming the objection and consistent with the IPONZ interpretation of reg 52(3)(a). The 280 patent was accepted on that basis and proceeded to grant.
40. If reg 52(3)(a) applies to the 493 patent then the same outcome should be achieved by the same response to the reg 52(3)(a) objection. The surrender of the granted 280 patent allows for the acceptance of the 493 patent.
41. In the event that I am wrong on when reg 82 applies, I have gone on to consider the submissions made by the applicants on how reg 82 should be interpreted and whether surrender of the 280 patent overcomes the objection. Regulation 52(3)(a) is considered in more detail in that context.

Second issue - Applicants' arguments on interpretation of regulation 82.

42. The following additional arguments are made in support of the applicants' position:⁹
 1. The IPONZ interpretation of reg 82 is incorrect. It does not preclude the withdrawal or surrender of a parent patent as a cure for double-patenting;
 2. There is no rational basis for the inconsistency between amending parent patents and withdrawing them;
 3. The applicant had a legitimate expectation past practice would apply and this is consistent with the applicant's interpretation of reg 82;
 4. The examiner is not entitled to take account of the purported "intention" of reg 82;
 5. It was a breach of natural justice for the examiner to bas[e] the decision on the preferred interpretation of reg 82 when that interpretation was not known at the time the application was made.

⁹ Applicants' submissions at [4(b) - (f)].

Approach to be taken to reg 82(b).

43. Section 5 of the Interpretation Act 1999 provides:

The meaning of an enactment must be ascertained from its text and in light of its purpose.

44. In *Commerce Commission v Fonterra Co-operative Group Ltd* Tipping J said:

[22] It is necessary to bear in mind that s 5 of the Interpretation Act 1999 makes text and purpose the key drivers of statutory interpretation. The meaning of an enactment must be ascertained from its text and in the light of its purpose. Even if the meaning of the text may appear plain in isolation of purpose, that meaning should always be cross checked against purpose in order to observe the dual requirements of s 5. In determining purpose the court must obviously have regard to both the immediate and the general legislative context. Of relevance too may be the social, commercial or other objective of the enactment.

45. Regulation 82(b) needs to be read in the immediate and general context of the Act.

The immediate context of reg 82(b).

46. A divisional application must be made before the parent application has been accepted. At that point both applications are pending. Both applications cannot proceed to acceptance for the same invention. Either application can be amended at that point.
47. Whichever of the parent or divisional application first meets the requirements of the Act can be accepted. The remaining application has an additional requirement of not including a claim or claims for substantially the same matter as the first accepted application.
48. The focus of reg 82(b) is the 'Acceptance of complete specification' of the divisional application.¹⁰ The prohibition on double patenting is addressed at the time the divisional is being considered for acceptance. Regulation 82 is not concerned with whether the parent patent should be accepted. The acceptability of the parent patent was addressed at an earlier date.

¹⁰ The heading for reg 82.

What does accepted mean?

49. The word 'accepted' is well understood. Looked at in isolation the meaning of accepted is clear. An application is examined and when the complete specification is found to comply with the requirements of the Patent Act 2013 it must be accepted.¹¹
50. The word 'accepted' is used in relation to both the divisional and parent application in the regulation. On a simple reading this points to the meaning being the same for both applications.
51. However, the claims of parent application were considered for acceptance at an earlier point of time. Those claims may have changed by the time the divisional application is otherwise in order for acceptance.
52. The regulation is silent on the position where the claims or status of the parent have changed since it was accepted. There is no explicit direction either way in the regulation.

General scheme of the Act.

53. The overall scheme of the Act contemplates and provides clear mechanisms for changes to accepted claims, as well as the surrender and revocation of a patent. The Act also takes into account the 'accepted' status in the litigation context when considering the available relief for infringement.
54. I outline in a general way some examples of post acceptance changes being permitted and taken into account under the Act.
55. Between acceptance and grant it is possible the form of the accepted claims to change in a number of ways, including:
 - The grant of the patent may be opposed by a third party, often there are amendments to claims during the opposition process. Further, the Commissioner's decision may require amendment of claims as a condition of grant.¹² If the opposition is successful the application will never proceed to grant;

¹¹ Section 74 – Acceptance of complete specification.

¹² Section 93.

- The patent application may be re-examined after it has been advertised and before it is granted.¹³ This may result in amendment to the complete specification;¹⁴
- The applicant may voluntarily seek to amend the claims.¹⁵

56. Once granted the claims may change in a number of ways, including:

- The applicant may voluntarily seek to amend the claims;
- As a result of a revocation application made to the Commissioner, either the revocation of the whole patent or partial revocation with amendment of the claims;¹⁶
- As a result of defendant's counterclaim for revocation in response to alleged patent infringement;¹⁷
- The patent application may be re-examined after it has granted.¹⁸ This may result in amendment to the complete specification;¹⁹

57. Infringement proceedings can only be filed once the patent has been granted.²⁰ However, account can be taken of infringing activity that took place between the acceptance of the patent, where it becomes open to public inspection, and grant. In that case the patentee may be entitled to relief for that infringing conduct, subject to certain limitations.²¹

58. When there are post-acceptance amendments the court must refuse to award damages or an account of profits for infringement that occurs before the amendments were allowed.²² That is unless the specification as accepted was

¹³ Section 94, or re-examination may result from third party assertions, between the application being open to public inspection and advertisement.

¹⁴ Regulation 97.

¹⁵ Section 83.

¹⁶ Section 112.

¹⁷ Section 147.

¹⁸ Section 94, or re-examination may result from third party assertions, between the application being open to public inspection and advertisement.

¹⁹ Regulation 97

²⁰ Section 149.

²¹ Section 82(1).

²² Section 154(1).

framed in good faith and with reasonable skill and knowledge or the amendment is to correct an obvious error.

59. The status of the patent is also taken into account where a patent has lapsed but been restored.²³ The restoration order must provide protection or compensation for people who used the invention while it was lapsed.²⁴
60. In patent infringement proceedings the alleged infringer may bring a counterclaim for revocation of the patent. If the revocation is partially successful a grant of relief may be made in relation to the remaining valid claims.²⁵
61. Taking account of post-acceptance changes to the claims or status of the parent patent under reg 82(b) would not be out of step with the general scheme of the Act. Rather such an approach would be consistent with the scheme of the Act, particularly in the litigation context where post-acceptance changes are addressed.

What indications are there to the intended purpose of reg 82?

62. Regulation 82 is intended to prohibit double patenting. This was already addressed by reg 52(3)(a) and so the purpose of the amendment to the regulations needs to be taken into account when finding the meaning of the regulation.

Explanatory note to the amendment of reg 82.

63. The relevant part of the explanatory note to the introduction of the Patents Amendment Regulations 2018 reads:

Regulation 52(3) is revoked and regulation 82 amended to apply requirements regarding the respective content of divisional and parent patent applications at the acceptance of specification stage, rather than the application stage.

64. The explanatory note is silent on the significance of 'accepted' in relation to the parent application.

²³ Section 155 Court may refuse damages or account of profits if renewal fees not paid.

²⁴ Section 124(2)(b) up until the request for restoration is advertised for opposition purposes.

²⁵ Section 157(2).

65. This is surprising given the IPONZ view the amendment has a secondary purpose and is intended to change established practice. A clear move away from the status quo on resolving double patenting objections, including by way of surrender of the parent application might have been addressed. However, this is not determinative and a secondary purpose to the amendment cannot be ruled out.
66. To put the explanatory note in context it is necessary to have considered reg 52(3) before it was amended.

Issues with regulation 52(3).

67. Under s 34 when a divisional application was 'made' it had to comply with various requirements including the double patenting provision of reg 52(3).²⁶
68. This raised the question of whether the divisional application had to comply with that regulation when the application was filed.
69. In *Intellectual Property Law in New Zealand* the authors note that on its face the reg 52(3) prohibition is assessed:²⁷

... on making an application (ie filing not grant). It follows that a divisional application could be void if filed with a claim or claims which are substantially the same as those in the parent even if the applicant's intention is to subsequently change them.

70. To allow an applicant to amend the divisional application during the course of examination IPONZ read reg 52(3) in combination with reg 150. Regulation 150 allows:

The Commissioner may allow a patent application or specification to be filed that is not made in accordance with Part 1, or any provision of regulations 50(1), 51, 52, 54, 55 and 69, provided that the applicant takes any action necessary to comply with the relevant provision as soon as practicable after the application or specification is filed.

71. The amendment to the regulations moved the assessment of double patenting from the filing of the divisional application (reg 52) to the acceptance of the complete specification of the divisional application (reg 82). This confirms

²⁶ Section 34(1).

²⁷ Ian Finch (ed) *Intellectual Property Law in New Zealand* (online ed, Thomson Reuters) at 2.3.3.

changes can be made to the divisional claims after the divisional application has been filed without the need to rely on reg 150.

72. The authors go on to note the amendment to reg 82 raises the current issue:

Regulation 82(b) only operates where the Commissioner has accepted the complete specification relating to a parent application. However, since regulation reg 82(b) does not refer to the status of the parent application it could arguably lead to situations where a divisional patent is left vulnerable due to overlapping claims with a parent application that may have been amended, abandoned or withdrawn post-acceptance.

73. The commentary is not determinative of how reg 82 should be interpreted. However, it does fit neatly with the explanatory note to the introduction of the amended regulation. It also points to there being a lack of clarity over the significance of the status of the parent claims at the time the divisional application is being assessed for acceptance.

The applicants' interpretation of reg 82(b).

74. The applicants' reasons for saying the IPONZ interpretation of reg 82 is wrong are set out above at [42].

75. The applicants say that there are two alternative interpretations of reg 82(b):²⁸

(a) First, that withdrawal of a parent application effectively removes the existence of any relevant claims for double patenting between a 'child' and 'parent' patent as the "parent" patent is no longer pending or in force (the first interpretation); OR

(b) Second, that an application for a divisional patent cannot include claims for substantially the same matter as accepted in the parent application, regardless of whether that parent patent has been withdrawn or surrendered (the second interpretation).

76. The applicants' say the first interpretation is correct and the meaning of reg 82 is clear and unambiguous in allowing for the surrender of the parent patent as

²⁸ Submissions at [28].

effective way of overcoming the reg 82 objection. In that situation the concern about double patenting 'becomes a purely theoretical issue.'²⁹

77. In relation to the word 'accepted' the applicants take the view that:³⁰

When a parent patent is withdrawn, the parent patent is no longer an 'accepted' patent. It might have been accepted at one stage, but after it has been withdrawn or surrendered, it is no longer current.

78. I consider reg 82 would be clear and unambiguous if it explicitly dealt, one way or the other, with the relevance of post-acceptance changes to the parent patent. It does not do so.

79. Alternatively, the applicant contends the meaning of reg 82 is ambiguous and given the purpose of the amendment of the regulation there has not been a change in the law.

80. The second interpretation is said to be the position taken by IPONZ.

81. The reasons for the IPONZ intended reading of the amended reg 82 are given in the examination reports, which in turn rely on the minutes of various Patent Technical Focus Group (**patent TFG**) meetings, and are reflected in the IPONZ guidelines.³¹ I refer to this as the IPONZ approach.

IPONZ interpretation of reg 82(b).

82. On 17 June 2020³² IPONZ set out its approach in its publically available guidelines on overlapping claims between parent and divisional applications.

83. The guidelines indicate the general approach to comparing the substance of the respective applications when determining whether there is double patenting. It is said not to have changed from that taken under the 1954 regulations.³³ Further the position taken in the United Kingdom is considered persuasive.³⁴

²⁹ Submissions at [36] relying on the supporting statutory declaration of Karin Innes dated 3 March 2021 at [18] and [23] as reflecting the understanding of the patent profession.

³⁰ At [36].

³¹ The TFG is a group formed of representatives of IPONZ and representatives of patent clients. See www.iponz.govt.nz/about-ip/patents/examination-manual/#group-technical-focus-group. The minutes of the Patents TFG meetings are publically available on the IPONZ website.

³² This is after the examination reports had issued.

³³ At [5].

³⁴ At [34].

84. The guideline ends with the section 'Withdrawal or surrender of accepted application or patent not a cure', which reads:³⁵

An objection under regulation 82 cannot be cured by withdrawing or surrendering the accepted application or granted patent, because once that application or patent has been accepted the provisions of regulation 82 apply (notwithstanding the subsequent fate of the first accepted application). However, such an objection can be resolved by amending the claims of either the parent or the divisional application such that neither includes a claim for substantially the same matter as accepted in the other.

85. This makes two points. The first is that the 'subsequent fate of the first accepted application' is not considered relevant by IPONZ.
86. The second is that any amendment to overcome double patenting must be made to the claims of the pending application and not to the accepted application.³⁶
87. Section 83 gives general rules concerning amendments of specifications after acceptance including s 83(3)(b), which provides:

The amendment must, in all courts and for all purposes, be treated as forming part of the specification.

88. The strict interpretation of 'accepted' taken by IPONZ, as indicated in the guideline, does not take into account post-acceptance amendment of the accepted application. This seems inconsistent with the effect of s 83(3)(b), where the Court *must* take into account such amendments for all purposes.³⁷
89. It is clear from the guidelines that the purpose of reg 82 is to prevent double patenting. However, the guidelines do not address the particular purpose of the amendment to regs 52 and 82.

³⁵ The Patent Examination Manual. Regulation 82: Claims overlap between parent & divisional applications. At [35] 'Withdrawal or surrender of accepted application or patent not a cure.'

³⁶ The applicants' consider the last sentence of guideline indicates an accepted application may be amended. I do not read the guideline in that way given the reference to ;... neither includes a claim for substantially the same matter as *accepted* in the other.'

³⁷ The issue of post-acceptance amendments of the accepted patent application are not raised in this case.

The IPONZ position on the purpose of the amendment to reg 82.

90. The second examination report notes:³⁸

The surrender of a patent is deemed to be surrendering the rights to the granted monopoly. It would be considered generally inconvenient to the public for the scope of protection to then be widened by replacing narrower claims of a parent with the claims of the proposed divisional application.

91. The third examination report notes in relation to the surrender of the 280 patent:³⁹

Surrendering that parent does not change the original acceptance of those claims. This is the strict and intended reading of the regulation, in order to prevent inconvenience to third parties and the public who might otherwise have to track patent families to ensure the scope of protection is not broadened.

92. This suggests the inconvenience being addressed by the regulation as amended is the broadening of claims in any divisional application.

93. There is no absolute prohibition in the Act on divisional applications having claims that are broader than those accepted in the parent patent. This is provided the other requirements of the Act are met.

94. For example, to retain the priority date of the parent application a divisional application must find support in the subject matter disclosed in the parent application.⁴⁰ If it does so there no prohibition on it having wider claims than the parent application. If the broader claims do not find such support then the divisional application must take the date of the new matter was introduced to the application.⁴¹

The Patents Technical Focus Group (TFG) meetings.

95. The examination reports refer to the discussions of reg 82 at the patent's TFG meetings in support of the interpretation of the regulation.

³⁸ Dated 4 March 2019. The first examination report of 22 November 2018 does not address the purpose of reg 82.

³⁹ Dated 8 July 2019.

⁴⁰ Section 39(2)(c).

⁴¹ This may raise other issues, such as meeting novelty requirements.

96. The minutes also form part of the applicants' arguments that they had a legitimate expectation surrender of the 280 patent would overcome the reg 82(b) objection.

97. The TFG minutes indicate IPONZ initially interpreted reg 82(b) consistently with the applicants' position. The minutes of the 28 March 2018 note:

Query was raised whether the change of regulations on parent-divisional overlap to an acceptance criteria meant that an objection could be raised for overlap with an application that had been accepted but was subsequently abandoned or lapsed. IPONZ is not taking that approach.

98. However, the IPONZ position was subsequently reversed. The minutes of the 12 June 2019 patents TFG meeting indicate IPONZ was now concerned that 'accepted' should be given its plain meaning in reg 82.

99. The minutes also note that an MBIE representative indicated the 'policy intention' behind the amendment:⁴²

... was to prevent the possibility of a third party having to re-litigate on claims they had already challenged for an earlier accepted/granted patent.

Ultimately, MBIE Policy confirmed that the plain wording of reg 82 reflected the policy intent and meant that IPONZ could not accept an application with claims that had previously been accepted, notwithstanding the earlier application/patent had been surrendered.

100. Regulation 82 was also discussed at the 2 December 2019 patents TFG meeting. The IPONZ position was confirmed and it is noted the:⁴³

... the approach adopted by the United Kingdom ("UK"), in section 18(5) of the Patents Act ... the UK approach to double patenting was favoured over the Australian approach because it is more rigorous and aims to protect third parties.

101. The minutes indicate that there was no consensus from members of the group on the interpretation of reg 82. Some members were dissatisfied with the IPONZ approach to reg 82 and some questioned whether there was evidence to support the alleged need to protect third parties.

⁴² Patent TFG minutes for the 12 June 2019 meeting, item 4.

⁴³ Patent TFG minutes for the 2 December 2019 meeting.

102. The minutes of 2 December 2019 under the reg 82 heading also identify more general concerns or issues with the Act. For example, there is a reference to it being:

...pointed out that the Act, as it currently stands, contradicts itself because it contains strict time limits to prosecute a patent application but allows whole of contents divisionals to be used as a back door extension of time. He further noted that expanding claims via divisionals or amendments after acceptance was never the intention of the Act.

103. Even though this minute comes under the reg 82 heading I do not read it as being made to indicate the policy intention behind the amendment to reg 82. It is a general reference.

104. I approach the minutes with caution. I have no direct evidence from anyone at the meetings. The minutes are from discussions held after Patents Amendment Regulations were made, although I consider the policy indications from MBIE carry weight.

105. More significantly the indication of intent or concern is not the same as an explanation of the purpose of the amendment. It is the actual words used by the legislator that must be addressed.

106. In any event looking at the minutes it is not clear the indication of intent goes beyond the general longstanding concern about double patenting being inconvenient, including to third parties have to 're-litigate claims that have already been challenged.'

107. The minutes certainly note that IPONZ should not accept claims that have previously been 'accepted', which is reflected in the IPONZ approach in this case. This seems to boil down to a natural reading of 'accepted' in isolation.

108. That one interpretation of the purpose of the amendment to reg 82 may coincidentally align with some other policy intention or concern does not mean the interpretation is the correct one or is to be preferred. I make this as an observation, as I consider the IPONZ focus has been on the face value meaning of 'accepted' rather than a particular identified secondary purpose of the amendment to reg 82.

The concerns over re-litigation

109. If two patents are granted for the same invention there is a prospect of a third party being sued twice for the same conduct. However, the prohibition on double patenting is intended to prevent this situation arising.
110. If the first application is accepted and granted and a third party is sued there are a number of outcomes. These include:
- success where the plaintiff is granted an injunction and damages or account of profits;
 - partial success when there has been a counterclaim for revocation and some of the claims are found invalid. The infringer will be enjoined on the valid claims and is liable to damages or an account of profits for the infringement;
 - the infringement claim fails in the face of a counterclaim for revocation.
111. A successful plaintiff may, post-litigation, surrender the patent. Under the revoked reg 52(3)(a) the divisional could be accepted and proceed to grant. By this time the defendant's conduct will have already have ceased. The likelihood of the defendant facing an infringement action for conduct prior to the acceptance and grant of the divisional application seems remote.
112. Under the IPONZ interpretation of reg 82 the divisional application could not be granted. This would prevent re-litigation if the defendant's pre-acceptance and grant conduct is susceptible to such an action. But otherwise it does not seem to be a problem that needs to be solved. Obviously such an interpretation limits the possibility of the divisional being accepted.
113. In the case of surrender of a patent that has been partially revoked it seems unlikely IPONZ would take no note of the invalidity of some of the claims when assessing the acceptability divisional application. By the time of grant of the divisional the infringing conduct, such as there is, will have ceased.
114. If a patent is surrendered before it has been sued on there will be no litigation to be re-litigated.

115. It is possible an application may be made part way through litigation to surrender the application. However, an offer does not have to be accepted. The defendant may well argue the revocation should be pursued.⁴⁴ This situation does not appear to be an issue of general or even particular concern. It seems unlikely the legislator was directly addressing it by way of the reg 82 amendment.
116. It seems the same considerations arise in the opposition situation where the outcome of the opposition is unlikely to be ignored when the acceptance of the divisional application is being assessed for acceptance.⁴⁵
117. There does not appear to be a clear re-litigation scenario that turns on the form of the parent patent having changed post-acceptance. The surrender of a patent does not seem to invoke concerns about re-litigation that are not already addressed by the availability or need for injunctions and the possibility of damages or account of profits, in relation to amendments and revocation as well as surrender. To the extent the surrender might be problematic there is the opportunity for a defendant to contest the surrender and seek to continue with revocation.⁴⁶
118. As a practical matter it is open to parties to resolve infringement or opposition proceedings between themselves. However, it is not relevant that there is a commercial resolution between the parties. Such agreement cannot fill a gap in the legislation. The interpretation and function of the legislation does not depend on circumstantial and relatively arbitrary commercial decisions. Rather commercial decisions are framed in the context of the legislation.
119. A check of New Zealand patent infringement cases does not reveal the re-litigation of the same invention in two patents to be an outstanding problem. Rather double patenting cases are concerned with the substantive issue of the claims being the same or substantially the same.
120. It does not seem there is a significant re-litigation issue with the surrender of a patent being taken into account when considering accepting a divisional application.

⁴⁴ *Connaught Laboratories Inc's Patent* [1999] FSR 284.

⁴⁵ Given the time for oppositions to be progressed it may well be a divisional well along a daisy chain of divisionals.

⁴⁶ Above n 45.

121. There are no obvious flags that changes to the status of an accepted parent application cause problems in terms of the concern regarding re-litigation of the same invention.
122. I do not dismiss there being a possibility re-litigation in some circumstance. While the regulation must be read as enacted, I am not satisfied there was a problem regarding the status of surrendered, or amended or revoked patents, that was needed to be and was addressed in the amendments.

The issue with divisional applications.

123. For the applicants it was said the IPONZ interpretation of reg 82 has been influenced by the ‘purported intention’ of the amendment and this reflects a general anti-divisional mind-set.
124. It is said reg 82 is not the appropriate place to introduce limitations on making divisional applications. The debate on the merits of divisional applications is appropriately the subject of the Intellectual Property Laws Amendment Bill (the **Omnibus Bill**).
125. The discussion document put out by MBIE in connection with the proposed Omnibus Bill provides a commentary on the current state of the law regarding divisional applications and possible issues with divisional applications.⁴⁷
126. The discussion paper notes that there are a number of reasons divisional applications are made, including:
- To divide more than one invention from that application;⁴⁸
 - To obtain a de facto extension of the s 71 deadline by filing a whole of contents divisional;⁴⁹
 - For strategic reasons or as a litigation tactic.⁵⁰
127. The paper notes that daisy chaining may not be desirable.⁵¹ The paper identifies the problem with daisy chains as including:

⁴⁷ Discussion paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953 (mbie.govt.nz) May 2019.

⁴⁸ At [76] and [77].

⁴⁹ At [79] - [83].

⁵⁰ At [83.1] and [83.2].

⁵¹ At [74].

... its allows an originally filed patent application to be kept pending for long periods of time, potentially for up to twenty years from the original parent application is filed...

Keeping a patent application pending for long periods of time creates uncertainty for the public as to what (if any) patent rights might eventually be granted on an application.

This may mean that [a competing] business ultimately decides not to introduce their new product, because they cannot afford to wait and see what patent rights in that product might eventually be granted. In short, it introduces considerable uncertainty for local market participants which risks disincentivising local innovation.

The effect is to give the patent applicant an effective monopoly in an invention ... [that] may never be granted... this also has the potential to inhibit innovation and reduce competition.

128. The MBIE paper recommends an amendment to the Patents Act that requires the fate of all divisional applications derived from a particular original application to be determined by a specified date. The 20 October 2020 briefing paper to the Minister proposes a modified approach to the preferred option identified in the paper.⁵²
129. It is clear that the daisy chaining of divisional applications has been identified by MBIE as being undesirable in some respects.⁵³ It is also clear this is a contentious issue.⁵⁴
130. Any policy direction indications in the discussion document are no more than an indication of the reasons behind the proposed changes to the Patents Act under consideration. Such statements cannot be retrospectively applied to the purpose of the amendment to reg 82.
131. The IPONZ position seems to be informed by looking at 'accepted' in isolation rather than through some anti-divisional lens.

⁵² [Ministry of Business Innovation and Employment *Intellectual Property Laws Amendment Bill: Policy Decisions - Briefing \(20 October 2020\)*](#).

⁵³ The divisionals in the current family are an example of a daisy chain identified in the MBIE paper. The most recent divisional application made from the 493 application presumably also being made as a 'precaution and to retain flexibility to pursue broader subject matter if required.'

⁵⁴ Doug Calhoun "New Zealand's IP Laws Amendment Bill | A Bit More Than Scratching Some Itches" *Intellectual Property Forum* (Issue 124 : June 2021).

Position in the United Kingdom and Australia

132. The position in the United Kingdom and Australia was not raised by the applicants.

133. Given the indication the United Kingdom position on the overlap of claims persuasive it is worth considering the United Kingdom and Australia position on surrender of a parent patent to overcome a double patenting objection.

134. Section 18(5) is the relevant provision of the Patents Act 1977 (UK) and reads:

Where two or more applications for a patent for the same invention having the same priority date are filed by the same applicant or his successor in title, the comptroller may on that ground refuse to grant a patent in pursuance of more than one of the applications.

135. The purpose is to prevent double patenting. In *Koninklijke Philips Electronics NV v Nintendo of Europe GmbH* Birss J put it this way:⁵⁵

Thus the Comptroller is able to stop an applicant with two effectively identical patent applications from getting two identical patents. At first sight the logic of this is simple enough. It is hard to see why an applicant might want two such patents anyway but one can see that if an applicant did file two truly identical applications then it could lead to trouble and confusion for third parties, The Comptroller is therefore authorised to prevent it and refuse to grant more than one of them.

136. The Hearing Officer in *International Business Machines Corporation (Barclay & Bigar's) Application*⁵⁶ (*IBM's Application*) considered the effect of surrender of the problematic the granted patent. He found:

... I do not consider that would be an effective means of avoiding the consequences of section 18(5). Thus I do not regard the fact of surrender and its consequence as set out in section 29 of the Act as affecting the initial validity of the grant. In respect of a surrendered patent under the 1977 Patents Act the patentee would have enjoyed what could be presumed to be a valid grant up to the point of surrender, since revocation of the grant is no longer a consequence of such a surrender ... Consequently section 18(5) operates to preclude him from granting

⁵⁵ *Koninklijke Philips Electronics NV v Nintendo of Europe GmbH* [2014] EWHC 1959 (Pat) at [292].

⁵⁶ *International Business Machines Corporation (Barclay & Bigar's) Application* [1983] RPC 283 [*IBM's Application*] at 287.

another patent in respect of the present application, being one for the same invention as that already granted.

137. On its face this decision supports the IPONZ interpretation of the effect surrender of a granted patent has for reg 82.

138. However, the United Kingdom provisions on surrender are not replicated in the New Zealand legislation.

139. Section 29(3) of the Patents Act 1977 (UK) providing for surrender of patents includes:

... as from the date when notice of [the comptroller's] acceptance is published in the journal. The patent shall cease to have effect, but no action for infringement shall lie in respect of any act done before that date ...

140. By contrast the New Zealand Act has no equivalent provision and in relation to the patentee's offer to surrender:⁵⁷

The Commissioner may accept the offer and by order revoke the patent if ...

141. The order is for revocation, which suggests that the effect is the patent is void *ab initio* rather ceasing at the date of revocation. In *IBM's Application* it is noted in the United Kingdom 'revocation is no longer a consequence of such surrender.'⁵⁸

142. In Australia the relevant provision is s 64 'Grant: multiple applications' of the Patents Act 1990 (Australia), which reads:

(1) Subject to this section, where there are 2 or more applications for patents for identical, or substantially identical, inventions, the granting of a patent on one of those applications does not prevent the granting of a patent on any of the other applications.

(2) Where:

(a) an application for a standard patent claims an invention that is the same as an invention that is the subject of a patent and is made by the same inventor; and

⁵⁷ Section 116(5).

⁵⁸ *IBM's Application* above n 57, at 287.

- (b) the relevant claim or claims in each of the complete specifications have the same priority date or dates;

a standard patent cannot be granted on the application.

143. Again this is a reflection of the prohibition on double patenting. For example in *Arbitron Inc v Telecontrol AG* (2010) 86 IPR 110 Emmett J in the Federal Court noted:⁵⁹

[161] The policy underlining s 64(2) is to discourage double patenting in order to minimise confusion of the public. If there were no restriction on double patenting, a patentee would be able to engage in double licensing. That is to say, a patentee under two patents in respect of the same invention could licence the rights under one patent to one party and identical rights under the other patent to another party. That could result in undesirable confusion in the market place. However, the practice of double licensing cannot be entirely eradicated and, to some extent, is tolerated by the phenomenon of divisional applications under Ch 6 A. Nevertheless, strict double patenting is prohibited by s 64(2) ...

[163] On the other hand, putting possible confusion to one side, double patenting has no significant undesirable consequences. A double patent does not enlarge the monopoly of the patentee and does not involve the grant of monopoly rights that are inconsistent with the scheme of the Act.

144. The position in Australia on double patenting is recorded in IP Australia's Examination manual as including an examination response that '... the granted patent must cease or be surrendered.'⁶⁰ A similar acknowledgement is made by the authors of *Lahore Patents, Trade Marks & Related Rights*:⁶¹

A double patenting rejection can be overcome by ensuring that the claims of the two patents are of different scope. This can be done by amending the standard patent application. Only small differences in scope are

⁵⁹ *Arbitron Inc v Telecontrol AG* (2010) 86 IPR 110.

⁶⁰ IP Australia - <https://manuals.ipaustralia.gov.au/patent/2.18.3.1-application-for-a-standard-patent>.

⁶¹ James Lahore and others *Lahore Patents, Trade Marks & Related Rights* (LexisNexis, Wellington, October 2019) at [8190].

required to alleviate the problem. Alternatively, the earlier patent can be surrendered.

145. Section 137(3) of the Australian Act 'Revocation on surrender of patent' provides the '... the Commissioner may accept the offer and revoke the patent.'
146. The legislation in New Zealand does not directly align with that in the United Kingdom or Australia, although all have the objection to double patenting in common.

Legitimate expectation and natural justice.

147. In support of the applicants' position on reg 82 Mr Elliott argued the applicants have a legitimate expectation that the surrender of the granted parent patent would continue to be a way to overcome a double patenting problem. Further, that it is a breach of natural justice for the examiner to rely on an interpretation that was unknown to the applicant.
148. The amendment to reg 82 came into effect on 5 April 2018. If the IPONZ interpretation of reg 82 is correct then the enactment has changed the law and the applicants' get no traction saying they had a different expectation.
149. That an applicant is not aware of the change in law and did not appreciate the significance of the change makes no difference to how IPONZ must deal with the new law. It is the responsibility of an agent to keep apprised of the law. If the law changes it is no excuse to say IPONZ did not publicise the change in law until later.
150. In this case the interpretation of reg 82 regarding the status of the already accepted application is unclear. The expectation of how the regulation would be interpreted is a consideration relevant to the context of determining the purpose of the amendment.
151. The applicants have had the opportunity to and did address the IPONZ objections. The applicants knew the case against them and addressed it. The applicants have sought to be heard on the examiner's objection and have had a chance to make submissions. I consider the argument based on a breach of natural justice has little weight.

Comments

152. The purpose of reg 82 is to prevent double patenting.
153. The amendment to the regulations was to make it clear that on making the divisional application there was no need for the application to avoid double patenting and the issue of double patenting can be addressed during the examination process.
154. The IPONZ position as indicated in the examination reports and guidelines is that after the parent application has been accepted its 'subsequent fate' is not relevant. The assessment of double patenting must be made against the form of claims as they were accepted.
155. While this case involves surrender of a patent the approach appears to be applied to post-acceptance amendments as well.
156. It is said this approach reflects the plain and intended reading of the regulation.
157. 'Accepted' means the application has met the requirements of the Act. An application is accepted at a point in time. IPONZ position is that this means the parent patent can only be considered as at the time it was accepted. Looking at the word 'accepted' in isolation this is the plain and a fair reading of the word.
158. However, the word 'accepted' cannot be looked at in isolation. An essential part of interpreting the regulation is considering the purpose of the regulation.
159. I consider the IPONZ interpretation places all weight on the meaning of 'accepted' considered in isolation and gives no, or insufficient, weight to the primary purpose of the amendment to the regulation. Further, I am not satisfied there is sufficient basis for the alleged secondary purpose of the regulation or its intended reading as has been described in the examination reports, or otherwise suggested by reference to the Patent TFG minutes.
160. I do not accept that a purpose of the amendment of the regulations was to introduce a limitation preventing divisional applications having broader claims than an accepted parent application. It runs against there being no such prohibition in the Act. It is a change of such significance that if it was intended it would have had equal billing to the express purpose of the amendment in the explanatory note to the amendment of the regulation.

161. An indication of *policy intent* in the Patent TFG minutes is not an authoritative source for determining the purpose of the regulation as enacted. In any event the minutes seem to refer to the general undesirability of double patenting, being the possibility of re-litigation of the same claims, and do not articulate a clear secondary purpose for the amendment.
162. Further, the significance of surrender in the context of re-litigation is not an obvious commercial problem that has been identified and needed to be addressed. Rather it seems more of a notional problem that at a practical level, because a patent must be granted and only conduct after the divisional application was made public is liable, is unlikely to arise.
163. Even where an offer to surrender is made part way through litigation the defendant can contest the surrender or pursue the counterclaim for revocation.
164. To the extent the IPONZ reading extends to post-acceptance amendments this seems contrary to s 83 and reinforces my view the alternative reading of reg 82 to the one chosen by IPONZ is to be preferred.
165. I also note that the comparison in reg 52 was of the divisional application with the matter claimed in the 'parent application.' There is no reference to the status of the parent application in that regulation. If the current IPONZ approach was taken to reg 52 it would mean the claims of the parent application at any time it was an 'application' would need to be considered, or even perversely once the parent was granted it is not relevant as it is no longer an 'application'. That is not the way the regulation was interpreted and operated, for example the acceptance of the 280 patent on surrender of the granted 823 patent.
166. In addition to these considerations I have made a number of other comments on various issues through this decision, including:
 - On the immediate context of the regulation and how it fits within the general scheme of the patent legislation, which clearly takes notice of changes to accepted and granted patents;
 - The clearly identified issue needing to be addressed by the amendment to the regulations and the express indication of the purpose in the explanatory note to the amendments;.

- The general concerns that there are around divisional applications, but these and other policy concerns are not relevant to the particular purpose of the amendment to the regulations;
- The policy desire to adopt the United Kingdom approach, but noting the amendment to the regulations has not aligned the New Zealand provisions with those of the United Kingdom legislation;
- The consequence of the surrender of a patent being accepted is revocation, which is closer to the Australian legislation.

Conclusion

167. Considering these factors as a whole, noting there is some support for the IPONZ interpretation, I nevertheless find that the IPONZ approach as presented in the examination of this application is wrong.

168. I am not satisfied the regulation as a whole can be read down based on a simple reading of the word 'accepted' in isolation, as IPONZ has done, without a clear indication that was the purpose of the amendments and the wording used clearly achieving that result.

169. The plain meaning of 'accepted' cannot be ignored and I do not do so. However, it must be read as part of the text of the regulation as a whole. The regulations place in the general scheme of the legislation must be considered. The purpose or problem, or lack of one, being addressed by the regulation and its amendment provide further context. As do the interpretation of and practice under the pre-amendment regulations.

170. Given the position before the regulations were amended, the express purpose for the amendments, the scheme of the Patent legislation regarding changes to accepted and granted patents, and the lack of a clear problem needing to be addressed by way of the alleged secondary purpose of the amendments I find reg 82 does not exclude consideration of post-acceptance changes to the parent application by way of surrender of the patent.

Directions

171. The applicants' surrender of the 280 patent overcomes the prohibition on acceptance under reg 52(3)(a) and allows for the acceptance of the 493 application.
172. Alternatively, if I am wrong on my finding that reg 52(3)(a) applies, the surrender of the 280 patent overcomes the prohibition on acceptance raised under reg 82(b) and allows for the acceptance of the 493 application.
173. Within 20 working days from the date of this decision the applicants must file the application for surrender of the 280 patent in the form required by the regulations.
174. I consider that the proposal to surrender the 280 Patent put the 493 application in order for acceptance before the s 71 deadline. However, to avoid any doubt under s 230 the deadline is extended until the application for surrender, its advertisement, any opposition, and the revocation has been recorded. The reason is the Commissioner's delay in accepting that surrender of the 280 patent resolves the double patenting objection.
175. In the event the surrender of the patent is successfully opposed or otherwise not accepted and such outcomes are not appealed, the extension of time ends, with the consequence that the s 71 has not been met.

Dated this 5th day of July 2021

Nigel Robb
Assistant Commissioner of Patents

F B Rice for the applicant