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16 September 2016

FB Rice
Solicitors
Melbourne
AUSTRALIA

Attention: Mr John Landells

Email: Jlandells@fbrice.com.au

Dear John

DIVISIONAL PATENT APPLICATIONS – NEW ZEALAND

1. I am writing in relation to your various emails and our telephone conversation concerning divisional patent applications in New Zealand.
2. You are aware that I have given an opinion on the filing of divisional patents with IPONZ to Davies Collison Cave. The provisions in issue in that opinion were s 34(1) Patents Act 2013 and reg 52(3) Patents Regulations 2014:

34 Divisional applications

- (1) If a patent application has been made (but has not become void or been abandoned) (the **parent application**), the applicant may, in the prescribed manner, make a fresh patent application for any part of the subject matter of the parent application (the **divisional application**).

52 Divisional applications

- (1) If an applicant makes a divisional application under section 34 of the Act, the applicant must state that the application is a divisional application within the meaning of section 34 and give the application number of the parent application.
- (2) A request for the Commissioner to direct that the divisional application or a complete specification for that application (or both) be given an earlier filing date must—
 - (a) be made at the time the divisional application is filed; and
 - (b) specify the earlier filing date that is requested for the divisional application or complete specification (or both).
- (3) The prescribed manner in which an application may be made for the purpose of section 34(1) of the Act is as follows:
 - (a) the divisional application must not include a claim or claims for substantially the same matter as claimed in the parent application; and

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(b) the parent application must not include a claim or claims for substantially the same matter as claimed in the divisional application.

3. Some months ago Michael Caine of Davies Collison Cave agreed to waive privilege in respect of my advice and made a copy of that advice available to you.
4. In both email and oral discussions you have raised a number of issues which you and other members of the IPTA Council believe favour an interpretation that the prescribed manner of filing contained in reg 52(3) "is not a filing requirement and presents a curable examination objection only". You have asked if I would consider these arguments and provide advice on the whole issue to the IPTA Council.
5. As discussed with you on 15 September 2016 I have given careful consideration to the points you have raised. The purpose of this letter is therefore:
 - To provide a summary of my earlier advice;
 - To summarise your own comments and the additional points in relation to reg 52;
 - To analyse the requirement in reg 52(3) as to "prescribed manner";
 - To consider comments made by IPONZ and other commentary; and
 - Finally to consider what alternatives there are for further clarification.

(1) Summary of my earlier opinion

6. It is convenient to first set out a summary of my earlier opinion. A copy of this is **attached** as **Schedule A** to this letter.
7. In that opinion, I started by discussing the legislative background to the current Patents Act and regulations. Under the former patents legislation in New Zealand, s 12(5) Patents Act 1953 and regulation 23 of the Patents Regulations 1954 permitted the filing of divisional patent applications covering the same matter as a parent patent application. However, once a divisional application was filed, the Commissioner could require that either of the applications be amended so as to ensure that neither of the complete specifications included a claim for matter claimed in the other. Issues of overlap were therefore dealt with *after filing of the divisional* by way of amendment of the patent or by allowing the parent application to lapse.

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8. The advice given in my earlier opinion was that s 34 Patents Act 2013 and regulation 52 of the Patent Regulations 2014 require that any issues of overlap be dealt with *before* filing a divisional application, otherwise the applicant may not make the divisional application as it will not be “in the prescribed manner” required by s 34(1). Regulation 52(3) precludes the filing of a divisional including a claim or claims for substantially the same matter as claimed in the parent application. Also in contrast to the earlier law, regulation 52 does not specify that the Commissioner has the power to require amendment of a divisional or parent application to address overlap in the claimed matter - thus further supporting the interpretation that the divisional application *as filed* must not contain a claim or claims “for substantially the same matter as claimed in the parent application”.

9. My conclusion was that in my opinion, the approach informally sanctioned by IPONZ in its Examination Guidelines of nonetheless filing a divisional application for claims that have been included in the parent was contrary to the express wording of regulation 52(3). I expressed the view that the IPONZ approach should not be followed. The Examinations Guidelines have no force of statute and could easily be overruled by a court.

10. I then considered two possible solutions.

Is there a solution in the wording of Regulation 52?

11. The first was to consider whether the words “substantially the same” in regulation 52(3) provided a way out. In proposing amendments to regulation 23 of the Patents Regulations 1954 for the 2014 regulations, the Cabinet Paper prepared by MBIE expressed the intention that the regulation should be updated to reflect the *Whitehead* decision which held that amendment should only be required where one set of claims fell wholly within the scope of the other.

12. However, the wording of regulation 52 as enacted does not reflect this intention nor achieve what Cabinet intended. The use of the words ‘substantially the same’ in regulation 52(3) seems to directly contradict the intended application of the *Whitehead* decision. But in any event the mechanism of *Whitehead* (even if regulation 52 had been properly enacted to reflect this) would not have provided a solution to the scenario of applying for a divisional application with **identical** claims to those of the parent. This of course will be the vast majority of cases. So my view was that no solution is provided in the wording of regulation 52(3) itself.

Amendment of the parent application prior to filing a divisional application

13. In my view, amendment of the parent application to delete all its claims *before* filing the divisional application incorporating those same claims is possible. In my earlier opinion, I

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said that this appeared to be a solution which would enable filing of a divisional while meeting the requirements of regulation 52(3).

14. It appeared from a careful construction of the provisions governing amendment of a complete specification prior to acceptance, that such amendments are intended to have immediate effect. This meant that an applicant could in fact amend a parent application two days out from the 12 month deadline, and then file a divisional application one day out from the 12 month deadline.
15. I considered the issue whether amendment of the parent to remove all the claims meant that the parent was invalid. A patent without claims would not meet the requirements of s 39. However, there does not appear to be any power given to the Commissioner to refuse such an amendment and this is supported by the wording of s 69(1).
16. Overall my view was therefore that this second solution provided a basis for filing a divisional without falling foul of regulation 52(3).

(2) Your comments on the issue of “prescribed manner”

17. Your own comments on this issue are as follows:
18. You consider that there “can be no reasonable likelihood of success in anyone successfully running any post-grant attack before the courts based on the divisional application at the point of time of filing the divisional application, containing “substantially the same subject matter” (e.g. identical claims) as that of its parent application.” Your opinion is based on the fact that all “prescribed manners” “do not have to be perfected at filing for “making” a standard application.” As an example, you refer to s 32 of the Patents Act 2013 which states that “every patent application must be made in accordance with this Act and the manner prescribed by the regulations.” Regulation 50 of the Patents Regulations 2014 sets out the prescribed manner. You understand that it is reasonable practice to address formalities in the prescribed manner after filing, “even though one might argue on a literal extreme view that the requirements had to be perfected at filing.”
19. You consider that the only requirement in regulation 52 which must be met at the time of filing a divisional application is that specified in regulation 52(2) ie a request for the Commissioner to direct that the divisional application or a complete specification for that application (or both) be given an earlier filing date.
20. You support your opinion with reference to the Interpretation Act (the meaning of an enactment must be ascertained from its text and in light of its purpose), arguing that the words “make” and “made” have always been considered to “mean up until grant (and not at

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filing only), I understand these words support the position that double patenting does not have to be perfected at the time of filing a divisional application." You consider that this is a clear interpretation of the words in issue, which is supported by the Cabinet paper wording.

21. You conclude by saying that, although one could run the argument that I have run, your view is that "there would be no reasonable likelihood of success in light of the purpose and intent of the Act/Regs as a whole".
22. You have asked me to reconsider my opinion in light of this. Your overall concern is to ascertain what is best practice for IPTA members.

(3) Further analysis of meaning of "prescribed manner"

23. You have drawn support for your view that the approach that I argue for in my opinion is not necessary in part from an analysis of the various ways that "prescribed manner" is used in the Act and the regulations. For example, you refer to regulation 50 which states a number of requirements for making a patent application in the "prescribed manner". You consider that these matters can be addressed after filing.
24. In carefully addressing your concerns, I have carried out my own analysis of the usage of the term "prescribed manner" throughout both the Act and Regulations - in conjunction with the use of the words "*must*" or "*may*".

Use of "prescribed manner" in the Act

25. The Act uses "prescribed manner" in a number of places as follows:

- It appears in s 21:

"A patentee may request, *in the prescribed manner (if any)*, that the prescribed period for the payment of a renewal fee be extended ..."

- It appears in s 26:

"if 2 or more persons are patentees of a patent, the Commissioner may, on the request of any of them in the prescribed manner, give any directions in accordance with the request ..."

"If any patentee fails to do anything required to carry out a direction given under subsection (1) within 14 days after being asked in writing to do so by any of the other patentees, the Commissioner may, on the request of any of them in the prescribed manner, direct a person to do that thing ..."

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- It appears in s 28:

“The Commissioner may, on a request made to him or her in the prescribed manner by either of the parties and after giving them a reasonable opportunity to be heard - ...”

- It appears in s 33:

“The Commissioner may, on the request of the applicant in the prescribed manner (if any), direct that a patent application be post-dated to the date ...”

- It appears in s 34 (the provision in issue here)

“If a patent application has been made ... the applicant may, in the prescribed manner, make a fresh patent application for any part of the subject matter of the parent application ...”

“The Commissioner may direct that a divisional application or a complete specification for that application (or both) be given an earlier date if – (a) a request to that effect is made in the prescribed manner”

- It appears in s 36(6):

“A request under subsection (2) or (5) must be made in the prescribed manner (if any)”

NB: a request under s 36(2) is a request that the Commissioner direct that a specification be treated as a provisional specification and a request under s 36(5) is a request that the Commissioner cancel a provisional specification. It is the applicant who must make the request referred to in s 36(6).

- It appears in s 37:

“the period allowable is – (b) an extended period not exceeding the prescribed period if, on or before the date on which the complete specification is filed, - (i) a request for an extension of time in which to file the complete specification is made to the Commissioner in the prescribed manner (if any)...”

- It appears in s 40:

“Before the acceptance of a complete specification, the applicant may, in the prescribed manner, amend that specification.”

- It appears in s 64:

“the applicant may, in the prescribed manner, ask for an examination ...”

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“the Commissioner may, on 1 or more of the prescribed grounds, and in the prescribed manner, direct the applicant ...”

“if the patent application and the complete specification relating to the application are open to public inspection, any person may, in the prescribed manner ...”

- It appears in s 65:

“the examination must be carried out in the prescribed manner.”

- And in s 67:

“the Commissioner must set deadlines (if any) in the prescribed manner.”

“the Commissioner may extend any deadlines in the prescribed manner.”

26. The above list is not exhaustive but it shows the different ways the term has been used in the Act. As you can see, “prescribed manner” is used in four ways:

- When an applicant/other person has the *option* to take a step, they “may, in the prescribed manner” take that step;
- In other situations when the applicant has an option to take a step, the Act provides that if the applicant takes that step it *must* be done in the prescribed manner, e.g. ss 36(6), 107(3), 112(3), 131(2), 165(3), s 190(1) “a request ... must be made in the prescribed manner (if any).”
- In relation to some matters of procedure, the *Commissioner* may take a step “in the prescribed manner” i.e. extend deadlines. The Commissioner does not have to extend a deadline, hence the use of the permissive “may”, but if the Commissioner does extend a deadline, he or she should do so in the prescribed manner.
- In relation to certain matters of procedure, the *Commissioner* must take a particular step “in the prescribed manner”, i.e. set deadlines.

27. The important point to note is that the four different uses of “prescribed manner” referred to above do not turn on the prescribed manner being optional. A particular step involved might be optional, but if the step is taken then it must be taken in the prescribed manner, if one exists.

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Use of “prescribed manner” in the Regulations

28. The Patent Regulations 2014 use “prescribed manner” on 11 occasions:

- In reg 12

“any information or a document that the Act or these regulations requires to be given to or by the Commissioner in the prescribed manner must be given – (a) through the case management facility; and (b) in a file format of a type approved by the Commissioner”

- In reg 13:

“the case management facility is – (c) the prescribed manner in which matters described in s 243 of the Act are to be dealt with ...”

- In reg 50:

“the prescribed manner for making a patent application is as follows ...”

- In reg 52:

“the prescribed manner in which an application may be made for the purpose of s 34(1) of the Act is as follows ...”

- In reg 69:

“The prescribed manner for making a convention application, and the information that must be included under s 54(2)(a) of the Act, is as follows ...”

- In reg 74:

“the prescribed manner in which a person may require the Commissioner under s 64(3) of the Act to give a direction under s 64(2) of the Act is as follows ...”

- In reg 78:

“the prescribed manner in which the Commissioner must set a deadline under s 67 of the Act is that the deadline must be stated in the examination report ...”

“the prescribed manner in which the Commissioner may extend the deadline is that the applicant must file ...”

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- In reg 79:

“the prescribed manner for informing the Commissioner of the results of any documentary search under s 70(1) of the Act is ...”

- In reg 92:

“the prescribed manner in which a person may oppose the grant of a patent under s 92(1) of the Act is by filing a notice of opposition that –
Must include the ground or grounds ...”

- In reg 102:

“the prescribed manner in which a person may apply to the Commissioner for the revocation of a patent under s 112 of the Act is that the application –
Must include the ground or grounds in s 114 of the Act on which the application is made ...”

29. Nothing in the Regulations changes my view that if a prescribed manner exists, it is mandatory.
30. In my opinion this review of the legislation does not support your contention that s 32 and reg 52(3) can be construed more benignly so as to allow compliance during the course of examination.
31. Two further points need to be discussed.

Regulation 50(1)(a)

32. In support of your argument you have pointed to regulation 50(1)(a) which sets out the prescribed manner for making a patent application. The provision reads as follows:

50 Application for patent

- (1) The prescribed manner for making a patent application is as follows:
 - (a) the application must be made in accordance with Part 1; and

33. In your commentary you have outlined that there are number of requirements in Part 1 that (as a matter of practice) can be addressed after filing. An example is the requirement in regulation 23 that “all margins of a complete specification must be blank when the complete specification is filed”.

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34. While this may be the way in which IPONZ deals with certain issues as *a matter of practice*, I do not consider that matters of practice can over-ride the proper interpretation of the strict wording of the Act and Regulations. Indeed (and unfortunately for the more relaxed approach which you are advocating for) Regulation 19 provides further support for the strict view:
- 19 Document filed when received in proper form**
- (1) A document is filed when it is received in proper form.
- (2) A document is in proper form only if—
- (a) it is legible; and
- (b) it complies with the requirements of the Act and these regulations; and
- (c) it is accompanied by the prescribed fee or penalty, if any.
35. This is a strict provision (which was also inserted in the Trade Mark Regulations 2003 in 2012), that makes it clear that a document is only “filed” when it is received in proper form. Regulation 19(2)(b) also specifies that a document is only in “proper form” if “it complies with the requirements of the Act and these Regulations”. In other words if it is in the *prescribed manner*.
36. It is significant that there is no discretion to consider documents filed even if not “in proper form”. This is unlike New Zealand’s High Court Rules, where a failure to comply with the requirements of the rules specifically does not nullify “any step taken in the proceeding” or “any document” (r 1.5).
37. So while IPONZ may accept documents that are not in proper form as *a matter of practice*, this does not change my opinion.
38. It is clear from your comments that members of the IPTA Council would undoubtedly favour as a matter of a practice a looser arrangement where matters such as the filing of documents and the prescribed manner could be cured during examination. Although you have pointed to the practice under the 1953 Act and Regulations, unfortunately this is no longer relevant. We have a new Act and Regulations and the legislature has seen fit (for whatever reason) to use plain and prescriptive language.
39. As I mentioned to you in our telephone discussions a Judge who is asked to construe the words of the Act and Regulations will not be interested in the prior history or practice. He or she will construe the plain wording of the Act and Regulations and will not be able to take into account what happened under the former statute and regulations when exercising the

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principles of statutory interpretation. So, while I have sympathy for the view you are advocating for, it is important that I give you “straight from the shoulder” advice as to how a court will see it.

(4) IPONZ’s approach

40. You have advised that IPONZ’s position is that it considers regulation 52 to be a matter that would be addressed under examination. Unfortunately I do not see that this solves the problem, as a Court would not see IPONZ’s view as binding.

(5) Commentary supporting my view

41. I also note that independently from my opinion, the authors of *Copyright and Design* (LexisNexis looseleaf) have come to the same view that my interpretation is arguable:¹

“One interpretation of the regulations prohibiting “claims for substantially the same subject matter” is that a “whole contents” divisional (with overlapping claims) *would not be considered to have been filed because it was not filed in the “prescribed manner”*. However, the IPONZ Patent Examination Manual indicates that where a divisional application is filed to claims “substantially the same or identical to those of the parent (or a grandparent) application” the deadline for responding to the first examination report will be shortened to 3 months.”

42. The subsequent references to the Patent Examination Manual does not really assist because, as you will readily agree, the Manual cannot overrule the plain wording of the Act and Regulations.

(6) Possible resolution of the issue

43. In the course of our telephone discussions on 15 September 2016 I suggested that in this letter I should set out various ways in which the issue might be addressed. Obviously it is important for IPTA members to be filing divisional patents in a manner where they and their clients are not in jeopardy for legal challenge to validity.

44. It seems to me that there are three ways in which the issue could be addressed.

(i) *Amending patent application prior to filing of divisional*

45. The first is to adopt the practice discussed in my letter of 10 November 2015 at paras 43 – 60. As summarised, this provides a way of safely dealing with the requirement in regulation

¹ *Copyright and Design*, LexisNexis, para [Pat34.2].

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52(3). I am aware that this suggestion has been adopted by Davies Collison Cave and has been acted on by IPONZ.

(ii) *Discussions with IPONZ – possible legislative amendment – Divisional Patent Application discussion paper*

46. The second way of dealing with the issue would be to discuss the matter with Mr Mark Pritchard at IPONZ with a view to a possible legislative amendment. IPONZ may be sympathetic to the views of a number of IPTA members that the issue of double patenting is something that can be cured during examination.

47. But ultimately in my opinion the matter cannot be dealt with by a Practice Note or by a more explicit statement in the Examination Manual. The issue of the plain words of the Act and Regulations would need to be addressed by some form of amendment. This would obviously need to be discussed with MBIE. No doubt the NZIPA would have views as well.

48. Any amendment to the legislation could only be prospective in effect and would not cover any retrospective issues. This is because the legislature has a general policy of refusing retrospective legislation as set out in s 7 Interpretation Act 1999.

49. As you will have seen on 16 September 2016, IPONZ has issued a Consultation Document on the transitional provisions of the Act relating to divisional patent applications. Interestingly there is a final paragraph in the document which contains an invitation in relation to other issues affecting divisional patent applications. Paragraph 56 reads:

“This discussion document is directed to possible changes to the transitional provisions in section 258 of the 2013 Act relating to divisional patent applications. The Ministry is aware that potential problems relating to the divisional patent application regime have been identified in other jurisdictions, and which may also be a problem in New Zealand.”

50. This obviously provides a forum for discussing the issue with both IPONZ and MBIE. Experience suggests that this is unlikely to result in any swift resolution, but it may lead to a possible legislative solution.

(iii) *Declaration/Declaratory Judgments Act*

51. A third option would be for IPTA to seek a declaration as to the correct interpretation of s 34 and regulation 52(3) either under the Declaratory Judgments Act 1908 or in the court's inherent jurisdiction.

52. Sections 2 and 3 of the Declaratory Judgments Act 1908 read as follows:

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2. Declaratory judgments

No action or proceeding in the High Court shall be open to objection on the ground that a merely declaratory judgment or order is sought thereby, and the said Court may make binding declarations of right, whether any consequential relief is or could be claimed or not.

3. Declaratory orders on originating summons

Where any person has done or desires to do any act *the validity, legality, or effect of which depends on the construction or validity of any statute, or any regulation* made by the Governor-General in Council under statutory authority, or any bylaw made by a local authority, or any deed, will, or document of title, or any agreement made or evidenced by writing, or any memorandum or articles of association of any company or body corporate, or any instrument prescribing the powers of any company or body corporate; or Where any person claims to have acquired any right under any such statute, regulation, bylaw, deed, will, document of title, agreement, memorandum, articles, or instrument, or to be in any other manner interested in the construction or validity thereof,— *such person may apply to the High Court by originating summons for a declaratory order determining any question as to the construction or validity of such statute, regulation, bylaw, deed, will, document of title, agreement, memorandum, articles, or instrument, or of any part thereof.*²

53. In the present case section 3 would be satisfied as IPTA members desire to be filing divisional patent applications containing the same claims as the parent application. Obviously the effect of that step depends on the construction of s 34 and reg 52(3).

54. The jurisdiction under section 10 of the Declaratory Judgments Act is discretionary. Some of the factors taken into account in exercising the discretion are:

- *Where the dispute cannot, without real difficulty, be brought before the court in its ordinary jurisdiction and declaratory judgment is appropriate relief on the facts of the particular case.*

In the present instance what IPTA members would be seeking is a declaration so as to avoid a situation where in future a divisional application might conceivably be declared invalid for breach of s 34 and reg 52.

- *Where there is a sufficient evidential foundation so that the dispute is not academic or hypothetical.*

55. I consider it should be possible to meet the discretionary requirements.

² The words "returnable in the said Court" were omitted by section 2 Declaratory Judgments Amendment Act 1966 (1966 No 57).

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56. However, there are several remaining issues to discuss.
57. The first is that it would be necessary and desirable to discuss the issue with IPONZ and whether the Commissioner of Patents would be prepared to be a party. If so what position might the Commissioner take as to the true interpretation of the provision. The fact that IPONZ has just issued its Consultation Document may well mean that IPONZ would favour that route rather than engaging in any litigation.
58. If the Commissioner would not participate then it is likely that the court would require an *amicus* appointed to argue the other side of the case.
59. The second issue is that the advice I have given as to section 34 and regulation 52(3) is against the construction that certain IPTA members are contending for. While this involves arguing one side of the case, it may not be the side that a majority of IPTA members favour.
60. There is little point in fleshing out this alternative any further as this would undoubtedly require further discussion with you.

Conclusion

61. I hope this covers all the issues. I would be happy to discuss any aspect of this advice with you further.

Yours sincerely



Andrew Brown