

# **Patent Opposition and the Constitution: Before or After?**

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# PATENT OPPOSITION AND THE CONSTITUTION: BEFORE OR AFTER?

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## ABSTRACT

The opposition procedure in Australian patent law is an effective tool for improving the quality of granted patents. The current, pre-grant, process is, however, open to abuse by opponents who merely wish to delay the grant of a patent. Received wisdom has it that a post-grant procedure would be contrary to the Australian Constitution – that is, for a delegate of the Commissioner of Patents to decide an opposition post-grant would be an improper exercise of judicial power. This article details the various tests for judicial power to assess the veracity of this wisdom. The conclusion, after a review of the High Court precedents and commentary, is that a post-grant opposition procedure, assuming it is substantially similar to the current pre-grant process, would not offend the Constitution.

## I. INTRODUCTION

The opposition procedure in Australia's patent law is an important part of the system that enables third parties to challenge the grant of a patent. Currently, patent applications are opposed prior to grant, however, there is some concern that the procedure is being misused by a firm's competitors simply to delay the grant of a valid patent.<sup>1</sup> Received wisdom amongst members of Australia's patent law community is that a post-grant opposition procedure would conflict with the requirements, contained in the Australian Constitution, for the exercise of judicial power.<sup>2</sup> This article seeks to explore whether the Constitution does, in fact, prohibit such a procedure.

The justification for the opposition procedure is that it allows information, that might not otherwise surface, to be included in the examination of a patent application. All

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<sup>1</sup> See, for example, Advisory Council on Industrial Property, *Review of Enforcement of Industrial Property Rights*, Report (1999) p 24.

<sup>2</sup> The Intellectual Property and Competition Review Committee sought the opinion of the Australian Government Solicitor's office on this issue. The 'advice given was that it was a "grey" area ... [as] the High Court may view such a review process as the exercise of a judicial power by a non-judicial body, which would offend the separation of powers doctrine in the Constitution': *Review of Intellectual Property Legislation under the Competition Principles Agreement*, Report (2000) p 172.

applications are assessed by patent examiners to ensure that an granted patent complies with the requirements of the law. Examiners conduct searches of available material to ensure that the subject matter of the application is novel and does demonstrate the requisite level of inventive step. The opposition process acknowledges that examiners may not have access to all the relevant information. An opponent to the patent, therefore, may provide the patent office with important information, that it would not otherwise have found, that ensures that a monopoly patent right is not granted when it should not be. There is little argument against the existence of an opposition process, however, it is arguable that a post-grant procedure would be less open to abuse.<sup>3</sup>

In order to assess whether a post-grant opposition would be contrary to the Constitution there will be a brief description of the important aspects of the patent process as it currently stands. The next Part of the article will discuss the limitations that the Constitution places on the decision-making of particular members of the executive arm of government – specifically, the sanction against their exercise of federal judicial power. The bulk of the analysis will focus on the application of the tests for that power to the procedures involved in patent oppositions. The conclusion, subject to the qualifiers of constitutional law analysis, is that a post-grant procedure would not be contrary to the Constitution – if the post-grant procedure is substantially similar to the current pre-grant process.<sup>4</sup>

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<sup>3</sup> It is also arguable that a post-grant opposition procedure should be part of Australian patent law on the grounds of harmonisation. Currently, Australia is one of only a couple of OECD countries that have a pre-grant opposition. The European Patent Office and the Japanese Patent Office, two of the three largest patent offices in the world have a post-grant opposition procedure, The third, the United States Patent and Trademark Office, grants patents without any opposition process available, however, there are regular attempts at introducing a post-grant opposition procedure into US patent law. See, for example, Carson D and Migliorini R, 'Patent Reform at the Crossroads: Experience in the Far East with Oppositions Suggests an Alternative Approach for the United States' (2006) 7 North Carolina Journal of Law and Technology 261; Hall B, Graham S, Harhoff D and Mowery D, 'Prospects for Improving US Patent Quality Via Post-Grant Opposition' (2003) National Bureau of Economic Research Working Paper 9731; Kesan J, 'Carrots and Sticks to Create a Better Patent System' (2002) 17 Berkeley Technology Law Journal 763; and Paradise J, 'Lessons from the European Union: The Need for a Post-Grant Mechanism for Third-Party Challenge to US Patents' (2005) 7 Minnesota Journal of Law, Science and Technology 315.

<sup>4</sup> It should be noted, however, that there is already provision for the opposition of an innovation patent after its certification: *Patents Act 1990* s. 101M.

## II. OPPOSITION PROCEDURE

Patents are monopoly rights instituted in order to provide firms with incentives to invest in research and development. They are only granted after the applicant has demonstrated that the application complies with the law and that the underlying invention embodies a sufficient advance to attract the monopoly protection.<sup>5</sup> There is, currently, the capacity for third parties to oppose the application, prior to the grant of the patent, where the party believes that the patent should not be granted.<sup>6</sup>

It has been held that the

purpose of a pre-grant opposition proceedings is to provide a swift and economical means of settling disputes that would otherwise need to be dealt with by the courts in more expensive and time consuming post-grant litigation; that is, to decrease the occasion for costly revocation proceedings by ensuring that bad patents do not proceed to grant.<sup>7</sup>

The same reasoning could apply if the process was post-grant. That is, it is arguable that a patent office-based opposition procedure would save time and money when compared with revocation proceedings before a court.

The grounds on which a standard patent may be opposed, currently, are included in s 59 of the Act. The section reads

The Minister or any other person may, in accordance with the regulations, oppose the grant of a standard patent on one or more of the following grounds, but on no other ground:

- (a) that the nominated person is either:
  - (i) not entitled to a grant of a patent for the invention; or
  - (ii) entitled to a grant of a patent for the invention but only in conjunction with some other person;
- (b) that the invention is not a patentable invention;
- (c) that the specification filed in respect of the complete application does not comply with subsection (2) or (3).<sup>8</sup>

The hearings officer may,<sup>9</sup> however, ‘in deciding a case, take into account any ground on which the grant of a standard patent may be opposed, whether relied upon by the opponent or not’.<sup>10</sup>

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<sup>5</sup> Patents are granted in this country by IP Australia – the federal government body that includes the Australian Patent Office.

<sup>6</sup> A number of procedures may be opposed under the Patents Act. These include an opposition to the grant of a standard patent (s. 59) or an innovation patent (s. 101M); to the extension of term of a patent (s. 75) or to the amendment of a document (s. 101(4)).

<sup>7</sup> *Genetics Institute Inc v Kirin-Amgen Inc* (1999) 92 FCR 106 at 112, per curiam.

<sup>8</sup> Subsections 40(2) and 40(3) require the specification to describe the invention fully and that the claims in the application are fairly based on the matter described in the specification.

Section 60 of the Act reads:

- (1) Where the grant of a standard patent is opposed, the Commissioner must decide the case in accordance with the regulations.
- (2) The Commissioner must give the applicant and the opponent a reasonable opportunity to be heard before deciding a case.
- (3) The Commissioner may, in deciding a case, take into account any ground on which the grant of a standard patent may be opposed, whether relied upon by the opponent or not.
- (4) The applicant, and any opponent, may appeal to the Federal Court against a decision of the Commissioner under this section.

The opposition proceedings usually take the form of oral hearings. The mechanics of the hearings are that both the patent applicant and the opponent must be given a 'reasonable opportunity to be heard' before the case is decided.<sup>11</sup> The opponent may provide evidence in support of the opposition; further, the hearings officer may inform him or herself 'by reference to any document available in the Patent Office'.<sup>12</sup>

Section 61 of the Act states that

- (1) Subject to section 100A, the Commissioner must grant a standard patent, by sealing a standard patent in the approved form, if:
  - (a) there is no opposition to the grant; or
  - (b) in spite of opposition, the Commissioner's decision, or the decision on appeal, is that a standard patent should be granted.
- (2) A standard patent must be granted within the prescribed period.<sup>13</sup>

That is, a patent may be granted where the Commissioner has heard an opposition and has decided that the application complies with the requirements of the Act.

Appeals from the decisions of hearings officers may be heard by the Federal Court.<sup>14</sup> When the Federal Court hears such an appeal, the Court may admit further evidence, permit the examination or cross-examination of witnesses and give any judgment that

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<sup>9</sup> The power to hear oppositions is given to the Commissioner of Patents in the Patents Act, however, the power is almost always delegated to a hearings officer – who, in practice, will be a very experienced patent examiner working in the same field of technology as the patent application. The delegation of the Commissioner's powers and duties is authorised by section 209 of the Patents Act.

<sup>10</sup> *Patents Act* s 60(3).

<sup>11</sup> *Patents Act* s 60(2).

<sup>12</sup> *Patents Regulations 1991* reg. 5.11(1).

<sup>13</sup> Section 100A relates to the capacity of the Commissioner to not grant a patent where the application has received an adverse report following a re-examination.

<sup>14</sup> *Patents Act* s 60(4). In circumstances where the hearings officer upholds the opposition, the patent applicant will usually be given the opportunity to amend the application. This may not be an available option if the opposition procedure occurred after the grant of the patent.

it thinks fit in the circumstances.<sup>15</sup> In essence, the Federal Court hears the case *de novo*.

Currently, there is also provision for the post-grant revocation of a patent. Section 138 reads

(1) Subject to subsection (1A), the Minister or any other person may apply to a prescribed court for an order revoking a patent.

(1A) A person cannot apply for an order in respect of an innovation patent unless the patent has been certified.

(2) At the hearing of the application, the respondent is entitled to begin and give evidence in support of the patent and, if the applicant gives evidence disputing the validity of the patent, the respondent is entitled to reply.

(3) After hearing the application, the court may, by order, revoke the patent, either wholly or so far as it relates to a claim, on one or more of the following grounds, but on no other ground:

(a) that the patentee is not entitled to the patent;

(b) that the invention is not a patentable invention;

(d) that the patent was obtained by fraud, false suggestion or misrepresentation;

(e) that an amendment of the patent request or the complete specification was made or obtained by fraud, false suggestion or misrepresentation;

(f) that the specification does not comply with subsection 40(2) or (3).

The grounds for revocation, therefore, include a number of the grounds upon which an opposition may be based. There are also additional grounds, for example, that relating to the obtaining of the patent by fraud. The other substantive difference is that revocation proceedings are heard before a court rather than in the patent office.

Each of these aspects of the patent process is relevant to the constitutionality of any post-grant opposition process.<sup>16</sup> It is, however, acknowledged that the process may be different if the legislation were amended to adopt a post-grant model. The next Part of this article details the most likely constitutional concern with such a model. This is followed by the analysis of whether the opposition procedure could be counter to the Constitution if the processes mentioned here were available after a patent was granted.

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<sup>15</sup> *Patents Act* s 160.

<sup>16</sup> For a more detailed discussion of the opposition procedure under the *Patents Act 1990* see Collins T, 'Patents Act 1990: Opposition to Grant of a Standard Patent' (1993) 4 AIPJ 147.

### III. JUDICIAL POWER CONSIDERED

#### *A. Problem Defined*

As stated above, it is received wisdom that a post-grant opposition would be contrary to the Australian Constitution. Therefore, it is not clear which provisions of the Constitution are understood to be contravened by a challenge after the grant of the patent. It is, however, most likely that it would be considered that such a process would not comply with the requirements for the exercise of judicial power as laid out in section 71 of the Constitution. (This was the basis of the opinion sought from the Australian Government Solicitor's office by the Intellectual Property and Competition Review Committee. The advice was that this was a 'grey' area).<sup>17</sup>

Section 71 reads:

The judicial power of the Commonwealth shall be vested in a Federal Supreme Court, to be called the High Court of Australia, and in such other federal courts as the Parliament creates, and in such other courts as it invests with federal jurisdiction. The High Court shall consist of a Chief Justice, and so many other Justices, not less than two, as the Parliament prescribes.

The concern, therefore, appears to be that if a decision with regard to an opposition hearing is an exercise of judicial power, then, if it is to be consistent with the Constitution, it must be made by a court that has been vested with federal jurisdiction.<sup>18</sup> In the words of the High Court: 'No part of the judicial power can be conferred in virtue of any other authority or otherwise than in accordance with the provisions of Chap III' of the Constitution.<sup>19</sup> The principles of the separation of power in a federal form of government, such as Australia, dictate this statement.<sup>20</sup> To date, there has been no judicial determination as to whether the decision of a hearings officer, with respect to an opposition proceeding, would be contrary to the Australian Constitution.

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<sup>17</sup> Intellectual Property and Competition Review Committee, n 2, p 172.

<sup>18</sup> Patents are subject to federal jurisdiction under s 51(xviii) of the Constitution. That head of power includes 'copyrights, patents of inventions and designs, and trade marks'.

<sup>19</sup> *R v Kirby; Ex parte Boilermakers' Society of Australia* (1956) 94 CLR 254 at 270, Dixon CJ, McTiernan, Fullagar and Kitto JJ.

<sup>20</sup> It has been argued that 'following the *Engineer's* case [*Amalgamated Society of Engineers v Adelaide Steamship Co Ltd* (1920) 28 CLR 129] no one seems to have suggested that the implication ... that federal power can only be exercised by Ch III courts was in any way vulnerable': Wheeler F, 'The Rise and Rise of Judicial Power under Chapter III of the Constitution: A Decade in Overview' (2001) 20 Aust Bar Rev 283 at 284.

## *B. Quinn's Case*

The High Court has, however, handed down a decision, *R v Quinn*,<sup>21</sup> on the exercise of judicial power in the trade mark context. At first blush, the decision may appear to provide the answer to the constitutional issue addressed here – the decision-making power of a senior member of an intellectual property office is not judicial. This section will detail the background and the decision in *Quinn's* case in order to argue that the differences between that case and issues arising from the opposition process in patent law are sufficient to warrant further rigorous analysis into the issue.

The proceedings before the High Court, in *Quinn's* case, related to a decision of the Registrar of Trade Marks to order the removal of trade mark from the Register of Trade Marks. The grounds for the removal was that the trade mark was registered 'without an intention in good faith on the part of the applicant'.<sup>22</sup> The argument turned on whether the section of the *Trade Marks Act 1955* was invalid

as it purports to authorise the [Registrar] to order the removal of a trade mark from the Register in respect of any of the goods in respect of which it is registered because the discharge of such a function is an exercise of the judicial power of the Commonwealth and is incapable of exercise by the [Registrar] having regard to his tenure of office and the nature of his office.<sup>23</sup>

In other words, it was asserted that the section was contrary to the Constitution because the Registrar was not a properly constituted federal court.

The High Court found, unanimously, that the decision of the Registrar was not an exercise of judicial power.<sup>24</sup> The similarity, that it was a decision relating to the allocation of intellectual property rights, may suggest that, if the High Court found the exercise of the Registrar's power to not be judicial, then the exercise of a hearing officer's power would also not be an exercise of judicial power. The Court's finding is, however, distinguishable from the focus of this article.

Justice Jacobs noted, for example, in the last paragraph of his judgment, that 'registration is not itself conclusive of the right to the exclusive use of a trade mark'.<sup>25</sup> That is, the 'original registration must have been a valid registration before the right

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<sup>21</sup> (1977) 138 CLR 1.

<sup>22</sup> Section 23(1)(a) *Trade Marks Act 1955* (Cth).

<sup>23</sup> (1977) 138 CLR 1 at 8, Jacobs J.

<sup>24</sup> Justice Jacobs wrote the leading judgment.

<sup>25</sup> (1977) 138 CLR 1 at 12.

to exclusive use can be maintained'.<sup>26</sup> Further, 'after seven years the registration is conclusive of the validity of the registration, except in certain limited circumstances'.<sup>27</sup> These consequences of the trade mark registration process, coupled with the fact that the Registrar was being asked to make a decision about the level of good faith of the applicant makes<sup>28</sup> it is arguable that the decision of the Registrar in *Quinn's* case is not sufficiently akin to the decisions of a hearings officer for this decision to govern the constitutionality of oppositions proceedings.

Further, the discussion of the powers of the Registrar as an exercise of judicial power was, with the greatest respect to Jacobs J., brief. It is worth examining the function of a hearings officer in light of the more detailed tests of judicial power as found in the judgments handed down by the High Court since *Quinn's* case.<sup>29</sup> The following section details the various factors that have been considered when deciding whether a power is a judicial power. It should be noted that IP Australia considers that, when an opposition is heard, the hearings officer is acting as an administrative tribunal and, therefore, does not exercise judicial power.<sup>30</sup> The courts, however, will look to the powers of the officer, as allowed by law, to assess whether judicial power is, in fact, being exercised.<sup>31</sup>

### ***C. Tests of Judicial Power***

The judicial power is notoriously difficult to delimit.<sup>32</sup> The 'classic definition'<sup>33</sup> of the power is the

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<sup>26</sup> (1977) 138 CLR 1 at 12.

<sup>27</sup> (1977) 138 CLR 1 at 12.

<sup>28</sup> The suggestion being that if the Court was being asked to rule whether the making of a decision of the Registrar with respect to the legal rights of the parties involved, then, the decision of the High Court may have been different. That is, a test for whether the exercise of a particular power is an exercise of judicial power depends, in part, on the subject matter of the exercise of power.

<sup>29</sup> See Wheeler, n 20, for a discussion of the relevant judgments decided in the last decade of the twentieth century. See also Blackford R, 'Judicial Power, Political Liberty and the Post-Industrial State' (1997) 71 ALJ 267.

<sup>30</sup> *Patent Manual of Practice and Procedures*, § 3.1.1, [http://www.ipaustralia.gov.au/pdfs/patentsmanual/WebHelp/Patent\\_Examiners\\_Manual.htm](http://www.ipaustralia.gov.au/pdfs/patentsmanual/WebHelp/Patent_Examiners_Manual.htm), viewed 1 August 2006.

<sup>31</sup> According to Blackshield, the exercise of judicial power 'must be based on authoritative legal materials; the rules, principles, conceptions and standards applied must be drawn from existing law': *Power in Australia* quoted in Blackshield T and Williams G, *Australian Constitutional Law and Theory: Commentary and Materials* (2<sup>nd</sup> ed, Federation Press, 1998) p 533.

<sup>32</sup> 'This Court has said many times that it is impossible to give an exhaustive definition of judicial power': *Luton v Lessels* (2002) 210 CLR 333, 373, Kirby J. His Honour cited, as examples of the 'many times', the decisions of *Cominos v Cominos* (1972) 127 CLR 588; *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167; *Chu Kheng Lim v Minister for Immigration, Local Government and*

power which every sovereign authority must of necessity have to decide controversies between its subjects, or between itself and its subjects, whether the rights relate to life, liberty or property. The exercise of this power does not begin until some tribunal which has power to give a binding and authoritative decision (whether subject to appeal or not) is called upon to take action.<sup>34</sup>

This explanation, despite its clarity, does not provide precise limits for the power, or in the words of commentators, the ‘concept of “judicial power” remains elusive and vague’.<sup>35</sup> Justice Kirby, further, considered this to be one of the power’s characteristics: judicial power ‘cannot ... depend only on the use of particular verbal formulae’.<sup>36</sup>

A number of factors are considered when a court assesses whether judicial power is being exercised. These include the existence of a controversy; the subject matter of the decision made (with respect to the rights and duties of the parties); the enforceability and conclusiveness of the decision made; the level of discretion of the decision-maker; the nature of the decision-making task; and the attributes of the decision-making process. Each of these considerations will be expanded here. As noted by commentators, however, ‘judicial power may have a number of indicia ... none of these indicia is by itself decisive’.<sup>37</sup>

The Privy Council has stated that it is ‘a truism that the conception of the judicial functions is inseparably bound up with the idea of a suit between parties, whether between Crown and subject or between subject and subject’.<sup>38</sup> That is, the

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*Ethnic Affairs* (1992) 176 CLR 1; *Brandy v Human Rights and Equal Opportunity Commission* (1995) 183 CLR 245; and *Nicholas v The Queen* (1998) 193 CLR 173.

<sup>33</sup> Blackshield and Williams, n 31, p 530.

<sup>34</sup> *Huddart, Parker & Co. Pty Ltd v Moorehead* (1909) 8 CLR 330, 357, Griffith CJ.

<sup>35</sup> Joseph S and Castan M, *Federal Constitutional Law: A Contemporary View* (2<sup>nd</sup> ed, Lawbook Co., 2006) p 165.

<sup>36</sup> *Attorney-General for the Commonwealth v Breckler* (1999) 197 CLR 83 at 126. A discussion of this decision may be found in Perry M, ‘Chapter III and the Powers of Non-Judicial Tribunals: *Breckler* and Beyond’ in Stone A and Williams G, *The High Court at the Crossroads: Essays in Constitutional Law* (Federation Press, 2000).

<sup>37</sup> Blackshield and Williams, n 31, p 531. Other commentators have provided different lists of criteria of assessment. Hanks, Keyzer and Clarke, for example, consider that there are five criteria: the width of discretion of the decision-maker; the characteristics of the decision given by the decision-maker; whether the decision-maker is creating new rights or declaring existing rights; the history of the function; and the nature of the decision-maker’s role: Hanks P, Keyzer P and Clarke J, *Australian Constitutional Law* (7<sup>th</sup> ed, LexisNexis Butterworths, 2004) p 440.

<sup>38</sup> *Labour Relations Board of Saskatchewan v John East Iron Works Ltd* [1949] AC 134 at 149 quoted in *R v Trade Practices Tribunal* (1970) 123 CLR 361 at 374, Kitto J. The High Court has stated that the ‘unique and essential function of the judicial power is the quelling of ... controversies by ascertainment of the facts, by application of the law and by exercise, where appropriate, of judicial discretion’: *Fencott v Muller* (1983) 152 CLR 570 at 608, Mason, Murphy, Brennan and Deane JJ.

requirement that there be a “controversy” reflects a need for the tribunal to act as an ‘impartial umpire’ to settle a disagreement between two parties.<sup>39</sup> Without some level of dispute between a number of parties then the tribunal may be best seen as offering advice. Further, this role of umpire may be seen to extend to the manner in which the dispute is brought before the tribunal. If the decision-maker acts ‘on his or her own initiative [then this is] something not generally compatible with the exercise of true judicial power’.<sup>40</sup>

A commonly used indicator of judicial power is whether or not the decision of the tribunal in question relates to the rights and duties of a subject. This is seen as the domain of the judicial power for the protection of the citizens’ rights. The ‘separation of judicial power from executive and legislative power has long been recognised as an important measure for guaranteeing individual liberty and for safeguarding against tyranny’.<sup>41</sup>

Ascertaining whether the function of the tribunal relates to the rights and duties of the parties is not, however, always enough. Attention has to be paid to the nature of the rights and duties. Commentators have argued that if a decision-maker is creating a new set of legal rights, then the function is non-judicial; if, on the other hand, the tribunal is ‘authoritatively identifying and declaring existing rights’, then this is best seen as the exercise of judicial power.<sup>42</sup> A common example of this is the ‘making of an industrial award [that] entails the creation of new rights: numerous cases have confirmed that this power is non-judicial’.<sup>43</sup>

The third factor relates to the enforceability of the decisions of the tribunal. This is discussed as the ‘strongest indicator of judicial power’.<sup>44</sup> The majority of the High

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<sup>39</sup> Joseph and Castan, n 35, p 169.

<sup>40</sup> (2002) 210 CLR 333 at 389, Callinan J. That the Commonwealth Industrial Court was ‘not authorised to do anything of its own motion’ was part of the reasoning that held the Court exercised judicial power: *R v Commonwealth Industrial Court* (1960) 103 CLR 368 at 376, Fullagar J.

<sup>41</sup> Lacey W, ‘Inherent Jurisdiction, Judicial Power and Implied Guarantees Under Chapter III of the Constitution’ (2003) 31 FLR 57 at 57.

<sup>42</sup> Hanks, Keyzer and Clarke, n 37, p 440. Griffiths CJ did, however, doubt that ‘such a distinction could be drawn’: Perry, n 36, p 154, citing *Waterside Workers’ Federation of Australia v JW Alexander Ltd* (1918) 25 CLR 434.

<sup>43</sup> Joseph and Castan, n 35, p 167. The two cases cited by the authors are *Waterside Workers’ Federation of Australia v JW Alexander Ltd* (1918) 25 CLR 434 and *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167.

<sup>44</sup> Joseph and Castan, n 35, p 165. According to Saunders, the ‘binding quality of a decision ... generally is determinative’ of the exercise of judicial power’: Saunders C, ‘The Separation of Powers’ in Opeskin B and Wheeler F (eds), *The Australian Federal Judicial System* (Melbourne University Press, 2000) p 15.

Court in *Brandy v Human Rights and Equal Opportunity Commission*<sup>45</sup> cited a number of earlier decisions that privileged this test of judicial power. Their Honours quoted from one:

It is important to observe that the judicial power includes with the decision and the pronouncement of judgment the power to carry that judgment into effect between the contending parties. Whether the power of enforcement is essential to be conferred or not, when it is conferred as part of the whole the judicial power is undeniably complete.<sup>46</sup>

In other words, if a tribunal has the capacity to enforce its decision then it is more likely to be considered to be exercising judicial power. The High Court recognised, however, that the capacity of enforceability of decisions is not a sufficient indicator of judicial power.<sup>47</sup>

Tied to the issue of the enforceability of decisions is that of a decision's conclusiveness. Kirby J., in *Attorney-General for the Commonwealth v Breckler*,<sup>48</sup> discussed this factor in terms of the deprivation of access to courts.<sup>49</sup> His Honour stated that 'in Australia, it is well established that administrative acts are open to collateral review by the courts'.<sup>50</sup> This "collateral review" is distinct from an appeal to a court. A review, in this instance, considers whether the decision was made properly – in keeping with the law<sup>51</sup> – whereas, an appeal considers whether the lower court adopted the right understanding of law to the facts at hand.

One method of assessing the level of review of any later court is the limitations placed on that review. If the court may simply rule on a question of law regarding the decision of the tribunal then it may be better seen as an appeal. If the court has the capacity to revisit the facts of the decision (other than where the court is asked to rule

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<sup>45</sup> (1995) 183 CLR 245 at 268, Deane, Dawson, Gaudron and McHugh JJ.

<sup>46</sup> (1995) 183 CLR 245 at 268 quoting *Waterside Workers' Federation of Australia v JW Alexander Ltd* (1918) 25 CLR 434 at 451, Barton J.

<sup>47</sup> *Luton v Lessels* (2002) 210 CLR 333 was another decision where the need for parties to go to court to enforce a decision of the Child Support Registrar was a relevant factor when considering the nature of the power exercised by the Registrar. See, for example, (2002) 210 CLR 333 at 346, Gleeson CJ.

<sup>48</sup> (1999) 197 CLR 83.

<sup>49</sup> See, for example, Joseph and Castan, n 35, p 166. Justice Kirby, himself, discusses the detail of the 'non-exclusion of courts' in terms of whether a 'decision of the Tribunal would be conclusive as to the rights and obligations of the parties': (1999) 197 CLR 83 at 130.

<sup>50</sup> (1999) 197 CLR 83 at 131.

<sup>51</sup> The judicial review of administrative decisions is an important area of public law. For an introduction see Aronson M, Dyer B and Groves M, *Judicial Review of Administrative Action* (3<sup>rd</sup> ed, Lawbook Co., 2004) and Douglas R, *Douglas & Jones' Administrative Law* (5<sup>th</sup> ed, Federation Press, 2006).

on a mistake of fact in conjunction with a mistake of law) then it may be better to view the process as a review. That is, if the later court gets to re-decide the case, it is more likely that the original tribunal was not exercising judicial power.

The next factor focuses on the powers of the tribunal. It is argued that the ‘broader the discretion conferred, the less likely that the function is judicial’.<sup>52</sup> One decision that demonstrates this proposition is *R v Trade Practices Tribunal*.<sup>53</sup> Justice Windeyer noted that the tribunal in question in that case, the Trade Practices Tribunal, was required to adjudicate matters in terms of whether they were “contrary to the public interest”. His Honour considered that the ‘public interest is a concept which attracts indefinite considerations of policy that are more appropriate to law-making than to adjudication according to existing law’.<sup>54</sup> This characterisation, in part, enabled the Court to hold that the Tribunal was not exercising judicial power. That is, the breadth of the discretion afforded the Tribunal meant that it did not have to be constituted in accordance with Chapter III of the Constitution.

On the other hand, in circumstances where there is less discretion on the part of the tribunal it is more likely that it will be held to be exercising judicial power. An example of this is the decision in *R v Davison*.<sup>55</sup> In that case, the High Court found, in that where an administrator is given powers such as she or he is a ‘substitute for a judge’ then the legislative provision giving rise to the administrators powers is contrary to the Constitution.<sup>56</sup> Further, in *Quinn’s* case, the relevant section of the *Trade Marks Act 1955* stated that the ‘High Court, or the Registrar may, on application by a person aggrieved, order a trade mark removed from the Register’.<sup>57</sup> This may suggest an equivalence between the powers of the Court and the Registrar.<sup>58</sup> Despite this equivalence, the Court found that the exercise of power was not judicial.

The penultimate criterion for assessing the power of a tribunal relates to the nature of the tasks of the decision-maker. Justice Jacobs in *Quinn’s* case for example,

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<sup>52</sup> Joseph and Castan, n 35, p 168.

<sup>53</sup> (1970) 123 CLR 361.

<sup>54</sup> (1970) 123 CLR 361 at 400.

<sup>55</sup> (1954) 90 CLR 353.

<sup>56</sup> (1954) 90 CLR 353 at 371, Dixon CJ and McTiernan J, with whom Fullagar, Kitto and Taylor JJ agreed.

<sup>57</sup> Section 23(1).

<sup>58</sup> Section 23(6) allowed that ‘if the Registrar considers that an application made to him under this section ought to be decided by the High Court, he may refer the application to the High Court and the High Court may hear and determine the application as though it had been made to the High Court in the first instance’.

considered that it was ‘plain that Parliament intended the power to be exercised by the Registrar to be an administrative power’.<sup>59</sup> More broadly, according to Justice Windeyer, ‘duties of adjudication may be incidental to administrative tasks which are performed as part of the executive power of government’.<sup>60</sup> This, therefore, is connected to the previously mentioned criterion about the manner in which rights are dealt with by the tribunal. If it is predominantly administrative, it will more likely create a new set of rights and, therefore, is less likely to be exercising judicial power.

There is, in addition to this perspective, a strong historical context to this criterion. Indeed, some commentators consider it in terms of the history of the function of the tribunal.<sup>61</sup> One of the precedents cited for this test is *Quinn’s* case, discussed above, where the High Court ‘dismissed the argument that the deregistration of trademarks was historically a judicial function’.<sup>62</sup> In other words, there is room in the analysis for understandings based on past perceptions of the function. Justice Jacobs warned, however, that the ‘course of legislation in comparatively recent times does not, in itself, provide a foundation for the historical approach’.<sup>63</sup>

One final set of tests may be added to these criteria for assessing the nature of the power in question. These tests focus on the procedure adopted by the tribunal when making its decision. According to the Privy Council decision in *Shell Co of Australia Ltd v Federal Commissioner of Taxation*,<sup>64</sup> a ‘tribunal is not necessarily a court ... because it ... hears witnesses on oath ... nor because it is a body to which a matter is referred by another body’.<sup>65</sup> Campbell adds that a

body is not necessarily a court of law because it has power to require the attendance of witnesses and the production of documents or because its proceedings are absolutely privileged under the law of defamation, or because its members are accorded judicial immunities from suit, or because it has been accorded statutory protections akin to those afforded to courts by the law relating to contempt of court.<sup>66</sup>

The tests in *Shell* and of Campbell examine whether a tribunal has the appearance of a court. These issues may be considered in light of Justice Deane’s statement from

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<sup>59</sup> (1977) 138 CLR 1 at 8, Jacobs J.

<sup>60</sup> *R v Trade Practices Tribunal* (1970) 123 CLR 361 at 398.

<sup>61</sup> Hanks, Keyzer and Clarke, n 37, p 440.

<sup>62</sup> Joseph and Castan, n 35, p 169.

<sup>63</sup> (1977) 138 CLR 1 at 12.

<sup>64</sup> [1931] AC 275.

<sup>65</sup> [1931] AC 275 at 297. Other tests were referred to by the Privy Council but they have already been discussed in this analysis.

<sup>66</sup> Campbell E, ‘What are Courts of Law?’ (1998) 17 *University of Tasmania Law Review* 19 at 45.

*Polyukhovich v Commonwealth*<sup>67</sup> that judicial power must be exercised ‘in accordance with the essential attributes of the curial process’.<sup>68</sup> In other words, merely having the ‘trappings’<sup>69</sup> of a court does not make a court, however, for a court to exercise judicial power, appropriate procedures must be adopted.<sup>70</sup>

In sum, all these criteria for assessing the nature of the power exercised by a tribunal may be seen to protect the ‘independence and impartiality of the exercise of Commonwealth judicial power’.<sup>71</sup> The next Part of this article will consider the opposition procedure in patent law in order to provide a perspective on whether a post-grant process would be an exercise of judicial power; and, therefore, whether the exercise of such a power would adversely impact on the “independence and impartiality” of the courts of the Commonwealth.

#### IV. JUDICIAL POWER AND OPPOSITION HEARINGS

The above discussion of the case law and commentary has highlighted a number of criteria for the assessment of the nature of the power exercised by a tribunal. The criteria are:

- the existence of a controversy;
- how the decision relates, if at all, to rights and duties;
- the enforceability of decisions;
- the conclusiveness of the tribunal’s decisions;
- the breadth of the discretion of the tribunal;
- the administrative vs. judicial nature of the tasks; and
- the attributes of the decision-making process.

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<sup>67</sup> (1991) 172 CLR 501.

<sup>68</sup> (1991) 172 CLR 501 at 607. Justice Gaudron, in the same decision, was even more direct: ‘An essential feature of judicial power is that it be exercised in accordance with the judicial process’: (1991) 172 CLR 501 at 703.

<sup>69</sup> Perry, n 36, at 162. Perry was highlighting the High Court in *Breckler* did not focus on the procedures adopted by the tribunal in question.

<sup>70</sup> For a more complete analysis of the procedural requirements relating to the exercise of judicial power see Wheeler F, ‘The Doctrine of Separation of Powers and Constitutionally Entrenched Due Process in Australia’ (1997) 23 Monash University Law Review 248.

<sup>71</sup> Perry, n 36, at 170.

Again, none of these criteria are sufficient, in and of themselves, to establish whether or not the power exercised by the tribunal is judicial. To reiterate the assessment of the High Court:

Difficulties arise in attempting to formulate a comprehensive definition of judicial power not so much because it consists of a number of factors as because the combination is not always the same. It is hard to point to an essential or constant characteristic. Moreover, there are functions which, when performed by a court, constitute the exercise of judicial power but, when performed by some other body, do not.<sup>72</sup>

This Part will discuss, in more detail, the powers of a patent office hearing officer in terms of these criteria. For the purposes of this analysis, it will be assumed that the procedures and powers of the officer would be the same if the opposition process was post-grant rather than pre-grant as it is currently. Where relevant, however, any differences in analysis that may result from a post-grant procedure will be highlighted.

#### *Existence of a controversy*

Of the tests for the exercise of judicial power, the requirement of a controversy is the one most clearly met by an opposition hearing. Section 59 of the Patents Act allows a party to oppose a patent application. Therefore, the hearings officer is required to settle a disagreement between the patent applicant (who considered the invention underlying the application worthy of a patent) and the opponent (who considers that the invention or the application does not satisfy the requirements of the Patents Act). This test supports the suggestion that a hearings officer may exercise judicial power.

#### *How the decision relates, if at all, to rights and duties*

As noted in the discussion of *Quinn's* case above,<sup>73</sup> this criteria is the largest point of divergence between the decision-making of a hearings officer in a patent opposition procedure and the decision made by the Registrar of Trade Marks. That is, the trade mark matter related to the good faith of the trade mark applicant whereas a patent opposition may be seen to relate more directly to a property right of the patent

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<sup>72</sup> *Brandy v Human Rights and Equal Opportunity Commission* (1995) 183 CLR 245 at 267, Deane, Dawson, Gaudron and McHugh JJ. In the context of patent law, the Federal Court has held that the 'scheme and wording of the Act is to be seen as giving to the Court the same task as is given to the Commissioner, though one task is to be undertaken by an application of the judicial power of the Commonwealth under s 71 of the *Constitution of the Commonwealth*, and the other by the executive power, being ultimately derived from s 61 of the *Constitution*': *New England Biolabs Inc v F. Hoffman-La Roche AG* (2004) 141 FCR 1 at 10, per curiam. The task referred to related to the hearing of appeals under s 104(7) of the Patents Act.

<sup>73</sup> See Section III B above.

applicant. It is also the criteria that may be most affected by the process being made post-, rather than pre-, grant. Both these issues will be discussed here.

The only rights that may be relevant to this criteria is whether a hearings officer is determining the legal rights of the patent applicant that would result from the grant of the patent. The High Court has held that

if the object of the adjudication is not to resolve a dispute about the existing rights and obligations of the parties by determining what those rights and obligations are but to determine what legal rights and obligations should be created, then the function stands outside the realm of judicial power.<sup>74</sup>

The question then becomes whether an opposition hearing is best described a dispute about “existing rights and obligations”.

There is little argument that there are property rights that attach to a granted, valid, patent. Section 13 of the Patents Act states, in part, that

(1) Subject to this Act, a patent gives the patentee the exclusive rights, during the term of the patent, to exploit the invention and to authorise another person to exploit the invention. (2) The exclusive rights are personal property and are capable of assignment and of devolution by law.

At the stage of a pre-grant opposition hearing, however, the patent has not been granted; and, therefore, no rights, with respect to that application exist. Further, it has been held that there is no property right in a successful opposition – even where the opposition is decided, on appeal, in a court. Sundberg J. held that

If successful, the appeal does not result in the recovery, ownership or possession of any real or personal property. All that success involves is the thwarting of another person’s attempt to obtain a patent. That may have commercial advantages for the successful party, but it does not carry with it the right of property.<sup>75</sup>

An opposition hearing, pre-grant, is not, therefore, a dispute over pre-existing rights. As such, it is less likely that the decision of a hearing officer, in those circumstances, will be considered an exercise of judicial power.

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<sup>74</sup> *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167 at 189, per curiam citing *Re Ranger Uranium Mines* (1987) 163 CLR 656. Though it has also been argued that judges ‘make orders that effectively create new rights and duties’: Jackson D, ‘The Australian Judicial System: Judicial Power and the Commonwealth’ (2001) 24 UNSWLJ 737 at 743 citing Zines L, *The High Court and the Constitution*.

<sup>75</sup> *Frederikshavn Vaert A/S v Stena Rederi Aktiebolag* (2002) 124 FCR 243 at 254.

If, however, the opposition procedure is post-grant, the result may be different. To explore that possibility, it will be assumed that the process would follow the model adopted by European Patent Office (EPO).<sup>76</sup> Under the European system, a patent may be opposed within nine months of publication of the patent.<sup>77</sup> The decision of a the tribunal deciding the opposition (known as the Opposition Division) may be to ‘revoke the patent; to reject the opposition; or to maintain the patent as amended’.<sup>78</sup>

If this form of the procedure was adopted in Australia, even if the provisions mirror the current ss 59 and 60 of the Act,<sup>79</sup> it is arguable that the power of the hearings officer would have changed substantially as the officer would have the capacity to revoke a granted patent.<sup>80</sup> That is, the officer would then be charged with making a decision with respect to the property rights that attach to the granted patent. If there are property rights in dispute, then, according to the above criteria, the decision of a hearings officer may be an exercise of judicial power.

It may also, however, be argued that patent rights only attach to a valid patent. Therefore, even if an opposition procedure is post-grant, the argument would run, there is no valid patent until the opposition has been decided. That is, if the opposition is successful and the patent revoked, then, the granted patent is not valid; and, therefore, there were no rights properly assigned.

That could lead to a situation where judicial power is exercised where an opposition is dismissed (the patent is held to be valid and therefore the monopoly rights are in

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<sup>76</sup> There is currently a push for the harmonisation of patent laws and procedures across the major jurisdictions. For a discussion of the benefits of the harmonisation of patent laws see Duffy J, ‘Harmony and Diversity in Global Patent Law’ (2002) 17 Berkeley Technology Law Journal 685 and Afifi F, ‘Unifying Patent Protection: The World Intellectual Property Organisation Must Co-ordinate Regional Patent Systems’ (1993) 15 Loyola of Los Angeles International and Comparative Law Journal 453 at, in particular, 460-462

<sup>77</sup> Thorley S, Miller R, Burkill G and Birss C, *Terrell on the Law of Patents* (15<sup>th</sup> ed, Sweet & Maxwell, 2000) p 80. According to these commentators, the ‘term “opposition” may be seen as a misnomer since the procedure is in substance a post-grant revocation action conducted at the EPO’: p 79. The conduct of the opposition procedure at the EPO is governed by Articles 99-105 of the European Patent Convention.

<sup>78</sup> *Ibid*, p 84, citing the European Patent Convention Article 102. Appeals from the Opposition Division are to the Board of Appeal – a body internal to the EPO. This aspect of the European procedure is not likely to be adopted in Australia. It is envisaged that appeal from a post-grant opposition procedure would still be to the Federal Court.

<sup>79</sup> See Part II above.

<sup>80</sup> There could remain, however, differences between a post-grant opposition process and a revocation proceeding. As now, a revocation action would be heard by a court, rather than a hearings officer and the grounds of a revocation could still be broader. In addition, there could be a time limit on an opposition procedure (such as the nine month period in the European Patent Office) whereas a revocation action could be brought at any time after grant.

force); however, administrative power is exercised where an opposition is successful (the patent is invalid; therefore, there are no property rights).<sup>81</sup> These contradictory characterisations suggest that a post-grant opposition process, when carried out by a non-judicial body, could not be considered to be an exercise of judicial power. It is more likely that a post-grant opposition would be considered to be an exercise of administrative power. This would avoid the two different characterisations of the same decision-making process.

It is accepted that two different bodies, undertaking the same decision, may be exercising two different powers. Justice Mason stated that

there are functions which may be classified as either judicial or administrative, according to the way in which they are to be exercised. A function may take its character from that of the tribunal in which it is reposed. Thus, if a function is entrusted to a court, it may be inferred that it is to be exercised judicially; it is otherwise if the function be given to a non-judicial tribunal, for then there is ground for the inference that no exercise of judicial power is involved.<sup>82</sup>

Therefore, despite the strong similarities between a court undertaking a decision about the revocation of a patent and a hearings officer deciding a post-grant opposition, there is no concern with the former being an exercise of judicial power and the latter being an exercise of administrative power.

#### *Enforceability of hearing officer's decisions*

The test for the enforceability of an officer's decision requires a better understanding of the effect of such a decision. A decision of a hearing officer either means that an opposition is dismissed or it is upheld. If it is upheld, 'in many typical oppositions, the decision will provide the applicant an opportunity to propose amendments to correct defects'.<sup>83</sup> The dismissal of an opposition, however, is not sufficient, in and of itself, to ensure that the patent is then sealed. In other words, a decision of a hearings officer does not, in itself, produce a valid patent or ensure that an application is rejected.<sup>84</sup>

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<sup>81</sup> There is also the possibility that an opposition is partially successful. A number, but not all, of the claims in a patent may be held to not valid. In that case, a patent with a narrower scope survives the opposition process.

<sup>82</sup> *R v Hegarty; Ex parte City of Salisbury* (1981) 147 CLR 617 at 628.

<sup>83</sup> *Patent Manual of Practice and Procedures*, n 30, § 3.2.11.

<sup>84</sup> Patent rights are enforceable only when the patent has been granted and sealed. Once that has happened, a patentee has to go to the Federal Court to enforce his or her property rights.

With this in mind, it appears that there is little to be enforced. That is, there are no rights created and there are no damages capable of being awarded.<sup>85</sup> A decision of a hearings officer, therefore, may be best understood as a ‘factum by reference to which the statute creates rights for the future which then are to be enforced by resort to the courts’.<sup>86</sup> Even if the opposition was post-grant, the rights to be enforced arose from the grant itself and not the opposition process; and, if the opposition was successful, then, no enforceable rights are gained by the opponent. As a result, this test suggests that a hearings officer is not exercising judicial power.<sup>87</sup>

#### *Conclusiveness of the hearing officer’s decisions*

The Patents Act provides the detail as to the scope of the appeal from a decision of the hearings officer. Subsection 60(4), as detailed above, states that a decision of an officer may be appealed to the Federal Court. The powers of the Court, when hearing an appeal, are described in s 160 of the Act:

On hearing an appeal against a decision or direction of the Commissioner, the Federal Court may do any one or more of the following:

- (a) admit further evidence orally, or on affidavit or otherwise;
- (b) permit the examination and cross-examination of witnesses, including witnesses who gave evidence before the Commissioner;
- (c) order an issue of fact to be tried as it directs;
- (d) affirm, reverse or vary the Commissioner’s decision or direction;
- (e) give any judgment, or make any order, that, in all the circumstances, it thinks fit;
- (f) order a party to pay costs to another party.

As stated above, in an appeal from a decision of a hearings officer the Federal Court hears the case *de novo*. That is, Justice Sundberg stated that such a ‘proceeding under [subsection 60(4)] is in the original jurisdiction of the Court. The appeal is not an appeal *stricto sensu*’.<sup>88</sup> His Honour cited *Kaiser Aluminium & Chemical Corporation v Reynolds Metal Co.*<sup>89</sup> The reasoning of Kitto J in the High Court was that ‘it is an original proceeding , being the first judicial proceeding in the matter of the

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<sup>85</sup> Costs may, however, be awarded (Patents Act s 210) that may be recoverable as a debt (s 211).

<sup>86</sup> *Luton v Lessels* (2002) 210 CLR 333 at 360, McHugh J.

<sup>87</sup> Even if the opposition procedure was post-grant, there would be little to enforce. If a patent was successfully opposed after it was sealed, no damages would be awarded, the patentee would just not be able to enforce the patent rights that were formally available with the grant. Further, if the opposition failed, there would be no judgment against the unsuccessful opponent to enforce.

<sup>88</sup> *Frederikshavn Vaert A/S v Stena Rederi Aktiebolag* (2002) 124 FCR 243 at 248, Sundberg J.

<sup>89</sup> (1969) 120 CLR 136. The High Court case was based on subsection 60(5) of the *Patents Act 1952*. The provisions of the two Acts are substantially similar.

opposition'.<sup>90</sup> This assessment of the nature of the appeal to the Courts, from a decision of a hearings officer, indicates that the officer is not exercising judicial power.

#### *Breadth of the discretion of the hearing officer*

Sections 59, 60 and 61 of the Patents Act, as detailed above,<sup>91</sup> indicate that the breadth of the discretion of a hearings officer in deciding an opposition is not wide. That is, there are only limited grounds upon which an officer can decide an opposition. Further, once an opposition has been decided, there is little scope for the Commissioner to exercise discretion with respect to the grant of the patent.

Hearing officers may, however, consider a public interest when making a decision: 'the public interest in determining a serious opposition on its merits [is] a relevant consideration to take into account'.<sup>92</sup> The decision, however, is not made in terms of the general public interest – the broad test which Windeyer J used in *R v Trade Practices Tribunal*<sup>93</sup> to demonstrate that the tribunal in that case was not exercising judicial power. In other words, a hearings officer does not have the discretion to decide cases using 'considerations of policy'.<sup>94</sup> In sum, then, it does not appear that the discretion of a hearings officer is sufficiently wide to indicate that the officer is not exercising judicial power.

#### *Administrative vs. judicial nature of the tasks*

This criteria assesses the underlying nature of the decision-making process in question. Historically, the granting of a patent is an act of the executive arm of government.<sup>95</sup> Therefore, all aspects of the granting of a patent may best be seen as administrative in nature. It has, for example, been judicially asserted that the power of the

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<sup>90</sup> (1969) 120 CLR 136 at 142.

<sup>91</sup> See Part II above.

<sup>92</sup> *National Starch & Chemical Company v Commissioner of Patents* [2001] FCA 33 at [30], Goldberg J. That public interest has been described, in part, as 'there is a strong public interest that inventive genius should be encouraged': *Gambro Pty Ltd v Fresenius Medical Care South East Asia Pty Ltd* (1999) 48 IPR 625 at [25], Tamberlin J.

<sup>93</sup> (1970) 123 CLR 361.

<sup>94</sup> *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167 at 189, per curiam.

<sup>95</sup> The history of patents in England goes back to the sixteenth century. For a discussion of the policy aspects of the early grants, see Dent C, 'Patent Policy In Early Modern England: Jobs, Trade And Regulation', under review. For a more general history of the grant of patents, see Fox H, *Monopolies and Patents: A Study of the History and Future of the Patent Monopoly* (University of Toronto Press, 1947); Hyde Price W, *The English Patents of Monopoly* (n.p., 1913); and the work of Wyndham Hulme E including, for example, 'The History of the Patent System under the Prerogative and at Common Law' (1896) 12 LQR 141 and 'On the History of Patent Law in the Seventeenth and Eighteenth Centuries' (1902) 18 LQR 280.

Commissioner of Patents to ‘determine oppositions to the grant of a standard patent’ is ‘administrative in character’.<sup>96</sup> Justice Drummond, in that case, stated that the ‘grant of a patent under the Patents Act is an administrative act’.<sup>97</sup> His Honour concluded that

Determinations under the Patents Act made by the Commissioner as to whether the conditions prescribed by the legislature for the making of such a grant are satisfied are, on the authority of *R v Quinn*, exercises of administrative not judicial power.<sup>98</sup>

However, as noted above, there are grounds for distinguishing the situation of opposition hearings from the findings in *Quinn’s* case. A closer examination of the reasoning of Justice Jacobs in that case may indicate whether the hearing of an opposition is as administrative a task as the assessment of the level of good faith of the trade mark applicant.

His Honour stated that ‘it is plain that the Parliament intended the power to be exercised by the Registrar to be an administrative power’.<sup>99</sup> The intention of Parliament is ‘not conclusive in such a matter’.<sup>100</sup> Justice Jacobs, then, considered the historical nature of the exercise of judicial power, ‘independent of the parliament and the executive’ in terms of the protection of ‘basic rights’.<sup>101</sup> His Honour concluded by holding that the ‘right to have a trade mark remain upon a register is not such a right’.<sup>102</sup>

Applying this logic to the circumstances of an opposition hearing it is unlikely that the decision of a hearing officer would be understood to be the exercise of judicial power. If the procedure is pre-grant, then, there is no “basic right” that attaches to preventing another from maintaining a patent application. The question is more complex if there was a post-grant opposition process, in part, because of the recognition of Justice Jacobs that ‘registration is not itself conclusive of the right to the exclusive use of a trade mark’.<sup>103</sup> If a concrete right was being challenged in an opposition process, then,

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<sup>96</sup> *Stack v Commissioner of Patents* (1999) 161 ALR 531 at 540, Drummond J.

<sup>97</sup> (1999) 161 ALR 531 at 541.

<sup>98</sup> (1999) 161 ALR 531 at 541. A Deputy Commissioner of Patents has also cited *R v Quinn* as a precedent for the Commissioner having the power of ‘removal’ of patent rights: *HRC Project Designs Pty Ltd v Orford Pty Ltd* (1997) 38 IPR 121 at 126, Herald DCP.

<sup>99</sup> (1977) 138 CLR 1 at 8.

<sup>100</sup> (1977) 138 CLR 1 at 9.

<sup>101</sup> (1977) 138 CLR 1 at 11. Jacobs J suggested the ‘governance of a trial for the determination of criminal guilt is the classic example’: at 11.

<sup>102</sup> (1977) 138 CLR 1 at 12.

<sup>103</sup> (1977) 138 CLR 1 at 12.

perhaps, the historical context would indicate that a post-grant opposition would be an exercise of judicial power. Though, as highlighted above, the rights only attach to valid patents, and at the point of even a post-grant opposition, it is questionable whether there is a valid patent and, therefore, whether there are any concrete rights being challenged.<sup>104</sup>

#### *Attributes of the decision-making process*

The final criteria to be considered here relates to the attributes of the decision-making process. If the proceedings do not exhibit the right characteristics then, according to this test, judicial power can not be exercised by that tribunal. Justice Gaudron has highlighted a number of the essential characteristics of the exercise of judicial power. In *Harris v Caladine*,<sup>105</sup> Her Honour suggested that ‘a particular power or function cannot be delegated to a person having an interest in the matter or on terms permitting of its being exercised secretly or arbitrarily’.<sup>106</sup> In *Re Nolan*,<sup>107</sup> Justice Gaudron was more prescriptive with respect the characteristics of the exercise of the power:

those features include open and public enquiry (subject to limited exceptions), the application of the rules of natural justice, the ascertainment of the facts as they are and as they bear on the right or liability in issue and the identification of the applicable law, followed by an application of that law to those facts.<sup>108</sup>

It is likely that the conduct of an opposition hearing would be in compliance with this assessment. That is, there is an open enquiry, the hearings officer is independent<sup>109</sup> and the facts are determined in accordance with rules that will allow the facts to be entertained.<sup>110</sup> The Patents Act, however, does not stipulate the manner in which hearings are conducted beyond the requirement that the ‘Commissioner must give the

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<sup>104</sup> It may be arguable that some of the powers of a hearings officer was intended by the Parliament to be judicial on the basis of the routes of appeal of particular decisions. That is, some decisions of the officers are appealable to the Administrative Appeals Tribunal (*Patents Act 1990* s 224). These decisions relate to extensions of time (s 223) and ascertaining who is entitled to a patent that is subject to an opposition procedure (s 33). Other decisions, as detailed above, are appealable to the Federal Court. This may mean that Parliament intended some decisions of the officers to be administrative in nature and others to be judicial. It is not, however, likely that Parliament would intend a delegate of the Commissioner of Patents to exercise the judicial power of the Commonwealth.

<sup>105</sup> (1991) 172 CLR 84.

<sup>106</sup> (1991) 172 CLR 84 at 150.

<sup>107</sup> *Re Nolan; Ex parte Young* (1991) 172 CLR 460.

<sup>108</sup> (1991) 172 CLR 460 at 496.

<sup>109</sup> It is, for example, most common that the hearings officer is not the examiner who processed the application that is being opposed.

<sup>110</sup> One example of this is s. 180 of the Patents Act: ‘A person who appears before the Commissioner must not, without lawful excuse, refuse: (a) to be sworn or to make an affirmation; or (b) to answer questions that the person is lawfully required to answer’.

applicant and the opponent a reasonable opportunity to be heard before deciding a case'.<sup>111</sup>

It should be noted that the fact that a tribunal complies with such a process does not mean that the resulting decision is an exercise of judicial power. The High Court, for example, has ruled on the nature of the power exercised by the Corporation and Securities Panel.<sup>112</sup> In that case, it was understood that the Panel was 'authorised to hold hearings' which were to be 'conducted with as little formality and technicality, and with as much expedition, as the requirements' of the law permit. Further, the Panel was 'not bound by the rules of evidence'.<sup>113</sup> The High Court found that the Panel was not exercising judicial power.<sup>114</sup> Therefore, with respect to this criteria, it is not likely that a hearings officer would be understood to be exercising judicial power.

## V. CONCLUSION

In sum, it is a fairly straightforward assessment that the, current, pre-grant opposition is not an exercise of judicial power. Though there is a controversy that is adjudicated impartially with little discretion, no rights are being assessed, the decisions are not enforceable, appeals are heard de novo by a court and, historically, the granting of a patent is an administrative task. None of these criteria are sufficient, in themselves, to dictate the nature of the power exercised, however, the more important ones – the enforceability of decisions and their binding nature – indicates that a hearings officer exercises administrative power.

Further, it appears that a post-grant opposition procedure would not be counter to the exercise of judicial power under the Constitution. The most important difference between a pre- and post-grant opposition process is that the latter may be seen to be deciding on the rights of a patentee. The nature of the putative rights found in a challenged patent, coupled with the weight of the other factors considered, still suggests, strongly, that the power exercised would be administrative.

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<sup>111</sup> *Patents Act 1990* s 60(2). Further, though this would not be definitive for the assessment of the exercise of judicial power, the Patent Examiners Manual states that opposition hearings 'are not restricted by the formalities which might be applicable to court actions, and strict evidentiary and other procedures are not applicable': *Patent Manual of Practice and Procedures*, n 30, § 3.2.1.

<sup>112</sup> Discussed in *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167.

<sup>113</sup> (1991) 173 CLR 167 at 183, per curiam.

<sup>114</sup> (1991) 173 CLR 167 at 192, per curiam.

These conclusions are, however, qualified. Justice McHugh stated that the

classification of an exercise of power as legislative, executive or judicial frequently depends upon a value judgment as to whether the particular power, having regard to the circumstances which call for its exercise, falls into one category rather than another.<sup>115</sup>

It would be open for other commentators, lawyers or judges to place different values on the circumstances of the opposition hearing process. This variation in interpretation gives rise to the assessment of the Australian Government Solicitor's office that this is a "grey" area. The weight of the High Court precedents to date, however, including that in *Quinn's* case, indicates that a post-grant procedure would not be counter to the Australian Constitution. Any decision, therefore, to shift the process should be made on other grounds – such as the potential for the abuse of the system or the cost-effectiveness of the procedure for either the parties involved or IP Australia itself.

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<sup>115</sup> *Chu Kheng Lim v Minister for Immigration, Local Government and Ethnic Affairs* (1992) 176 CLR 1 at 67. This general test may be seen to be similar to the assessment of George Williams. For this commentator, the test from *Precision Data Holdings Ltd v Wills* (1991) 173 CLR 167 may be applied. That is, the 'focus should ... be upon how the power is to be exercised and its scope': Williams G, 'Commentary' on Perry, n 36, in Stone A and Williams G, *The High Court at the Crossroads: Essays in Constitutional Law* (Federation Press, 2000) p 182.

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