

DGE CLE PAPER

INTELLECTUAL PROPERTY – WHAT WENT WRONG!

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INTRODUCTION

In its simplest form the patent system is designed to encourage the disclosure of innovative thought in exchange for a period of exclusivity in which the grantee of the rights may profit from such knowledge.

I will attempt in this paper to show that patentees seeking to enforce their patents in Australia will face great difficulty through a number of potentially fatal pitfalls. I also submit that as a result of the decisions in Australia in reported patent cases in the last ten years, legal advisers should place their clients on notice that if they are trying to enforce their patents they are unlikely to succeed.

This may mean a severe reality check to the expectations of patentees.

Although statistically local patentees are in the minority¹ the importance of the contribution to innovation in this country of small to medium businesses within that class has been recognised by the government.² It is only fair and just that if people are to be encouraged to spend time and money to innovate that there be a reasonable level of predictability that their efforts will be protected.

The current situation presents, in my opinion, a very real dilemma for practitioners. On the one hand innovation is being encouraged through a system of reward by exclusive rights, while on the other these rights are unlikely to be upheld.

In this paper I identify three major hurdles for patentees. Firstly, is the "invention" entitled to a grant of patent? Secondly, will the formal document setting out the claimed invention survive technical scrutiny by the Court?³ Thirdly, assuming the integrity of the patent is upheld, how will the court interpret the claim in order to identify if there has been an infringement?

THE PROBLEM

Of fifty-nine cases determined (including appeals) between the period October 1990 and October 1999, fifty-three were decided by the Federal Court, five by the Supreme Courts of Victoria and New South Wales, and one in the High Court.⁴ Of these fifty-nine cases, twelve or 20% of the applicants were successful in upholding the patent and going on to a finding of infringement.

Even less favourable results than the 20% success rate referred to above have been calculated in respect of hearings for the period 30 April 1991 and 31 December 1997. Of the fifty-six reported judgments in patent infringement cases heard in the Federal

Court in that period, fifty-five or 98%, were in favour of the alleged infringer and only one in favour of a patentee.⁵ The Federal Court reversed even that single decision in favour of the patentee on appeal.⁶

Interestingly, of the five cases dealt with by the Supreme Courts of Victoria and New South Wales, four decisions⁷ or 80% upheld validity of the patent in suit and went on to find infringement. In the 5th decision where the patent was revoked the applicant was permitted to amend the specification and following such amendment the court found the patent valid and that the defendant had infringed the patent.⁸ In respect of two of the five decisions where claims made by the patent were upheld and led to infringement, the patent was revoked on appeal to the Federal Court.⁹

These figures are a far cry from an approval rating of 50%, which the Working Group anticipated would be expected under win/lose outcomes, bearing in mind that 10% of matters litigated proceeded to trial.¹⁰ Litigation in the Federal Court accounts for approximately 0.03 – 0.04% of the registered IP rights.¹¹

As submitted recently by several commentators, “users of the patent system in Australia may well ponder negatively on the recent judicial record of patent cases in Australia.”¹²

Coupled with this difficulty facing patentees, the average cost to prosecute a patent infringement action has been estimated at \$250,000.00. Notwithstanding these factors, an additional dilemma for the patentee is that they bear the onus of proving their cases on validity and infringement without any presumption in their favour that the patent is by its grant valid.¹³

The Working Group on Managing Intellectual Property has considered that it may be desirable to conduct a study of the decision record of the Australian courts, which would involve an investigation of the outcome of every reported decision in which validity or the infringement of a patent was at issue. This was obviously more viable than subjecting all the evidence of these cases to an independent objective assessment to determine if the Patents Office or the Court was in error.¹⁴

THE STATUTORY POSITION – THE PATENTS ACT

The patent regime in Australia is governed by *Patents Act* 1990 (Cth) (the “Act”).

WHAT IS A PATENT?

Presently, a patent is defined as a standard patent or a petty patent.¹⁵ A patent is a temporary monopoly granted by the Crown to the patentee in return for the disclosure of information to the public in the patent specification.

WHAT RIGHTS FLOW FROM THE GRANT?

Subject to the provisions of the Act, a patent gives the patentee exclusive rights, during the term of the patent, to exploit the invention.¹⁶

These exclusive rights are personal property and generally, the person entitled to the benefits flowing from the grant of patent are the inventor or the person or persons entitled to have the patent assigned to them.¹⁷ In Australia, a person who independently invents something can claim to be the inventor if that person is the first to file an application.

INFRINGEMENT UNDER THE ACT

Neither the Act nor its predecessor, the *Patents Act* 1952 (Cth), contain a definition of infringement. A person who, without the licence of the patentee, does an act within a valid claim of the patent, infringes the patentee’s rights.¹⁸

It is usual and in fact empowered by the Act, that the defendant in infringement proceedings may apply by way of counter-claim in the proceedings, for the revocation of the patent and that the provisions in relation to revocation of the patent apply with the necessary changes to the cross-claim.¹⁹ In the last ten years there has not been a case reported where the respondent has not put the validity of the patent in issue by cross-claim.

VALIDITY UNDER THE ACT

The validity of the patent is dealt with in Chapter 2 Part 3 of the Act.

As to its content

An “invention” is patentable if it satisfies the requirements of section 18(1) of the Act which requires that a “patentable invention” is an invention that:

- is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies²⁰; and
- when compared with the prior art base as it existed before the priority date of that claim:
 - is novel; and
 - involves an inventive step; and
- is useful; and
- was not secretly used in Australia before the priority date by the patentee, their agent or predecessor in title.²¹

Simply because a patent is granted does not give rise to a presumption that it is valid. In fact, the Act specifically excludes the guarantee of the grant, or that a patent is valid.²² In Australia there is presently no presumption of validity. The Act relevantly provides:

“Validity of patent not guaranteed

20 (1) *Nothing done under this Act or the PCT guarantees the granting of a patent, or that a patent is valid, in Australia or anywhere else.”*

As to its form

In addition to the attacks on the entitlement of an invention to a grant of patent based on elements of novelty, inventive step, utility and manner of new manufacture, the cases have shown that many patents are revoked on technical grounds even before the questions of infringement are considered.

It has long been entrenched in patent law that as patents were an exception to the legislation that prohibited monopolies, the terms of the claimed monopoly must be clear and that full disclosure be made.²³

In general terms a provisional specification must describe the invention and a complete specification must:

- describe the invention fully, including the best method known to the applicant of performing the invention; and

- end with a claim or claims defining the invention in relation to a standard patent.

In addition the claim or claims must be clear and succinct and fairly based on the matter described in the specification and must relate to one invention only.²⁴

DEFEASIBILITY OF TITLE

Located on the web-site for IP Australia under the heading “*IP Strategies for Your Business*” the following comment is made:

“Ownership of IP rights is the legal recognition you receive for your creative effort. It gives you the right to fully exploit your IP – to own, sell, licence or bequeath your IP in much the same way as you can with real estate.”²⁵

It would be surprising if the unsuccessful patentees (80%) of the last ten years would wholly agree with this statement. The cases have shown that patents are quite defeasible.

VALIDITY OF PATENTS

MANNER OF MANUFACTURE

Uncertainty has been manifest by the reversal by the High Court of the Federal Court decision of *Ramset Fasteners (Australia) Pty Ltd v Advanced Building Systems Pty Ltd* that the Court was not confined to the body of the specification when determining if the invention at issue was a manner of new manufacture. As this decision involved the *Patents Act* 1952 there was uncertainty as to whether the Court was so limited to the body of the specification under the 1990 Act.

The case of *NV Philips Gloeilampenfabriken & Anor v Mirabella International Pty Ltd*²⁶ introduced a new requirement for “inventiveness” or “newness” over and above the tests for novelty or inventive step.

LACK OF INVENTIVE STEP OR OBVIOUSNESS.

The question of obviousness as a ground of objection presents a large obstacle for the patentee. It has been said:

“What is obvious cannot be inventive and what is inventive cannot be obvious...”²⁷

A patent would be obvious if it has been said if it was shown that it would appear to anyone skilled in the art but lacking in inventive capacity, that to try the step or process would be worthwhile²⁸.

Despite a warning against hindsight,²⁹ there is the obvious difficulty that inventions in hindsight appear obvious. This is particularly so when a new result has been found from known integers. Many cases determined are based on the evidence of experts retained by the parties. Such evidence for the respondents invariably is that the invention was obvious to the skilled addressee and lacked any inventive step.

NOVELTY OR ANTICIPATION

To decide whether something is novel, one must assess the invention against the prior art base. Information must be in the public domain. The terms “anticipated”, “prior published” or “prior disclosed” are used in this area with the term “lacks novelty”.

The question is whether there had been prior publication and whether the information had been communicated to any member of the public in a way that left him or her free to do what he or she liked with the information.³⁰ The prior disclosure must allow a person of ordinary knowledge of the subject area to apply the discovery without the need for further experimentation.³¹

In theory, in Australia it should be easier for the patentee to overcome this ground of objection to validity because in Australia “mosaicing” is not permitted. The general rule is that for the purpose of assessing novelty each document must be read separately and it is not possible to piece documents together as a “mosaic” to make up an anticipated disclosure.³²

However the Court went on to say that this mosaic was not totally out of the question where a skilled addressee would treat two or more prior related documents or related acts as a single source of information.³³ Uncertainty arises in determining whether a Court will determine whether it believes a skilled addressee would combine the two disclosures to make a single source of information.

In *Nomad Structures International Ltd v Heyring Pty Ltd*, the delegate determined that in certain circumstances it may be permitted to consider the novelty or obviousness of a claimed invention against a combination of prior uses and that the test should be less stringent when considering uses as opposed to documents.³⁴

THE CLAIMS AND SPECIFICATIONS

The proper preparation of specifications and claims in relation to an invention impacts on the chances of success of the patent in either infringement actions or questions as to the validity of a patent. Section 40(3) of the Act emphasises the need for clarity in the claim.

Ambiguity may be fatal to the validity of the patent. After referring to a difficulty in ascertaining certain dimensions Luxmoore J said in *No-Fume Ltd v Frank Pitchford & Co Ltd*:

“If there is any materiality in this relationship it seems to be essential to the validity of the patent that its nature should be defined in unambiguous terms and cannot be left to choice, the accuracy or inaccuracy of which, from the point of view of infringement, can only be determined by actual experiment with the completed article.”³⁵

In *Australian Solar Mesh Sales*³⁶, the appellant in the proceedings was the applicant for a patent and the proprietor of a petty patent in respect of a fine fibre glass mesh. The appellant claimed that the respondent had infringed its petty patent by manufacturing a similar mesh product. The respondent/manufacturer challenged the validity of the petty patent on a number of grounds.

Relevantly, one ground of challenge depended on the rule that a patentee must state clearly and distinctly the nature and limits of the claimed monopoly. Specifically, what was meant by the term “very similar” in relation to the word “grey”? Did that reference mean a light grey or a dark grey, as distinct from a medium grey? Or did it refer to something which was not grey but which had some tonal similarity, such as blue? The Court considered there was merit in the respondents’ argument about the ambiguity of the colour specification.

In addition, there was a further ambiguity claimed by the respondents in that the word “diameter” of the yarn was to be a particular measurement. Expert evidence was given to the effect that the fibreglass yarn used in the mesh was originally round, however, the hot weaving process through which the mesh was passed flattened the yarn and made the term “diameter” inappropriate in that “diameter” was a term referable to a round object.

The experts agreed that their use of the term “diameter” was not accurate for the yarn in its post-manufactured state. The Court held that due to the ambiguity in the colour description contained in the claim, and further by the ambiguity of the term

“diameter” in relation to the yarn in its post-manufactured state, the petty patent was invalid and liable to revocation.

The importance of clarity and succinct description of the claim is further highlighted by a presumption, noted by Murphy J of the High Court in the case *Australian Paper Manufacturers Limited v C.I.L. Inc.*, where his Honour stated:

*“It is a reasonable principle of interpretation that where an Act which grants monopoly rights is ambiguous, the ambiguity (whether relating to substance or procedure) should be resolved in favour of the public and against the extension of monopoly”.*³⁷

Ambiguity in a claim will usually prompt an examination of the specification for clarification of the ambiguity.³⁸

There appears to be recognition that the specifications should be considered as a whole and not just in a literal sense.³⁹ It has been held that the reading of the specifications is only necessary where clarification of the meaning of the claims is required.⁴⁰ In order to be granted a patent, a discovery must have a practical application of some benefit to the public⁴¹.

INFRINGEMENT – “LITERAL” V “PURPOSIVE”

If the patent survives these hurdles, the question arises whether the respondent has infringed the patent.

The most restrictive method of interpreting claims for the purpose of infringement is the “literal” or “textual” tests. According to this approach infringement occurs only where the respondent’s process contains all the integers of the invention.

A purposive approach to the interpretation of the claims, as stated in *Catnic Components Ltd v Hill & Smith Ltd*⁴² is clearly applied in Australia.⁴³ This approach seeks to determine what the patentee’s purpose was in using particular words and phrases to describe the claim in the terms used in the patent. This has been described as being a broader approach more favourable to patentees.⁴⁴

In addition it is clear law that all of the essential integers have to be taken to constitute infringement.⁴⁵ Put another way the substance or the alleged infringer should take the “pith and marrow”.⁴⁶

In *Catnic* Lord Diplock said at p242-243:

“...It is those novel features only that he claims to be essential that constitute the so-called “pith and marrow” of the claim. A patent specification should be given a purposive construction rather than purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge...”

The purposive test however has been applied conservatively. In *Populin v HB Nominees Pty Ltd*⁴⁷ the Full Court of the Federal Court cited *Catnic* with approval but the “purposive” test of Lord Diplock was seen as just determining the claim’s meaning or the applicant’s purpose in the claim rather than an alternate test.

The patent in *Populin* concerned a sugar cane planting machine, which used a conveyor belt to move the cane billets from a storage container to a small supply bin. The billets were then lined up for planting within the supply bin. The respondent’s machine used a similar mechanism but utilised one bin, not two.

Even though the “purposive” approach was applied infringement was not found because the use of 1 bin not 2 was an essential integer of the invention.

The Court affirmed that there is no infringement if all of the essential features are not taken. The uncertainty for patentees and their advisers is to anticipate what the court will determine are the essential features of the claim.

In *Populin* one might have thought the use of one bin not two was not an essential integer as both had the purpose of storage, however that was not the case.

CASE STUDIES

The following are some examples of the difficulties facing patentees. It is an uphill battle even trying to resist the attacks on validity, before a patentee may even consider the infringement issue.

Elconnex Pty Ltd v Gerard Industries Pty Ltd⁴⁸

In *Elconnex Pty Ltd v Gerard Industries Pty Ltd* the applicant (“*Elconnex*”) was the grantee of a petty patent for a corrugated plastic pipe connector for use with plastic conduit carrying electrical wiring. This connector (the “*Elconnex Connector*”) offered a push on snap fitting and sealing device, making the connection watertight.

The applicant also obtained registration pursuant to the *Designs Act 1906*.

The respondent (“*Gerard*”) was the largest supplier of electrical fittings in Australia. After the launch of the *Elconnex Connector*, the respondent developed its own

connector (the Clipsole Connector). It did so by deliberately copying the Elconnex Connector, making changes to some of its features to disguise its action.

Elconnex brought action for patent and design infringement and under s.52 of the *Trade Practice Act* as the Clipsole Connector bore the words “Pat Pend” in circumstance where they had not applied for a patent, and represented that the connectors were reasonably fit to use with corrugated plastic conduit to carry electrical wiring, when those connectors failed to pass the test known as the “pull out test”, as required by the Australian standard.

Elconnex provides an excellent example of market share strategy. It was said by Burchett J:

“The concept of the Elconnex Connector clearly had considerable appeal. On the day after it was exhibited, the respondent, Gerard (which is the largest supplier of electrical fittings in Australia) set about the production of a copy. The evidence of that is conclusive. An Elconnex Connector was dismembered in order to use a vital part of it in the fabrication of a prototype. Some changes were made and one of the questions that had to be decided by the Court was whether the changes were sufficient to avoid liability in respect of the applicant’s registered design”⁴⁹.

I submit that it is reasonable to conclude that the fact that the largest competitor jumped on to the product so quickly, would be strong evidence that the “invention” was in response to a long felt want in the industry and not obvious.⁵⁰ This was not the case.

In this case, *Gerard* attacked validity by cross-claiming that:

- The claim of the petty patent was not fairly based on matter disclosed in the complete specification;
- The alleged “invention” lacked inventive step or was obvious;
- The alleged invention lacked novelty; and
- The terms of the petty patent specification were ambiguous.

His Honour accepted the expert evidence given in support of the respondent’s argument that the connector described in the petty patent would have been no more than a routine variation of well known connector principles and examples.⁵¹

His Honour found that the only significant features of the petty patent were matters of which a skilled addressee would have been aware. Also the use of a thin walled section to achieve flexibility was an inevitable empirical consequence.

It was held that the alleged invention was obvious, as it was simply the application of well-known and well-understood matters to an analogous use. The decision of the Trial Judge was upheld on appeal.

In relation to infringement his Honour adopted “a practical commonsense approach” which looked to the ordinary use of the product. His Honour found that if the petty patent had survived on the issue of validity the respondent would have infringed the patent.⁵²

MJA Scientifics International Pty Ltd v S C Johnson & Son Pty Ltd⁵³

In this matter the patentee was a company incorporated in Australia and the respondent was a subsidiary of S C Johnson in the United States. MJA was the patentee for an invention entitled “pesticidal sheets or containers”. These were, in general terms, cardboard sheets which had been passed through a printing machine which contained predominantly a mixture of ink and pesticide, the result being a cardboard “mat” printed with ink containing pesticide.

The respondent (SCJ) had produced a similar product by coating a cardboard “mat” which had already been printed with ink, through a coating process using a printing machine.

MJA claimed SCJ had infringed the patent by manufacturing and selling in Australia cockroach insecticide mats made in accordance with the patented method.

SCJ denied infringement and cross-claimed for revocation on the ground that the invention was not novel at the priority date when compared with the prior art. SCJ relied on a United Kingdom patent of ICI to destroy the novelty of the MJA patent.

The trial judge determined that there were three essential integers to the MJA claims.⁵⁴ His Honour determined that the ICI patent expressly disclosed the first two integers and the third (which was drying the dispersed mixture after printing), although not mentioned in the ICI patent, would have been known by the skilled addressee to have been required to have been done.

In relation to infringement his Honour stated the established position that:

- a respondent would not escape infringement by adopting immaterial variations by omitting an inessential part and substituting it,⁵⁵
- infringement will not be dependant on verbal accuracy of the claim but on whether the substantial idea disclosed by the specification has been taken.⁵⁶
- All the essential integers must be taken to constitute infringement.⁵⁷

Bearing these principles in mind, his Honour applied the considerations used in determining the construction of the claim for revocation purposes and the knowledge attributed to the skilled addressee to apply the infringement test.⁵⁸ In doing so his Honour found the pesticide was not dispersed as stated in the claim nor was ink used. As two integers were not copied there was no infringement.

It seems clear from the decision that the Court (approves as legitimate commercial behaviour) commercial activity aimed at circumventing a patent. His Honour Sundberg J said in the context of considering additional damages for copyright infringement:

“I was referred to internal SCJ memoranda and communications with its patent attorneys and other advisers disclosing SCJ’s discovery of MJA’s success with its Dead End product, SCJ’s decision to enter the cockroach mat market, SCJ’s concern about possible patent difficulties, and its patent attorney’s advice about manufacturing an SCJ product which would not infringe the patent. None of the documents relied on relates to the copyright issues. They disclose an interest in developing a rival product in what appeared to be a developing market, a realisation that the patent meant that SCJ could not just copy MJA’s product but would need to manufacture its own product in a different way so as not to infringe the patent, and a belief based on expert advice, correct as it turned out, that this could be done. That seems to me to be legitimate commercial behaviour.”⁵⁹

It is interesting to note that the SCJ product sought registration of its product with the National Registration Authority on the basis that its product was substantially the same as the patentee’s or known in the industry as an “image registration.”

***Dyno Nobel Inc v Orica Australia Pty Ltd (formerly ICI Australia Proprietary Limited)*⁶⁰**

In this case the patent claimed:

- a method of blasting;
- the blasting being limited to blasting in reactive ores;

- a method using urea in relation to blasting activities.

The patentee and exclusive licensee sought a declaration that the respondent had infringed the patent and the respondent cross-claimed for revocation. The judgment dealt only with validity – which was not found – making infringement unnecessary to determine.

The respondent claimed the alleged invention:⁶¹

- was not a patentable invention within s6 of the Statute of Monopolies;
- lacked novelty;
- did not disclose an inventive step.

His Honour considered at length the issue of manner of manufacture and in particular the construction of s18(1) of the Act relating to the manner of manufacture. The Trial Judge determined the case came within the High Court decisions of *Advanced Building Systems Pty Ltd v Ramsett Fasteners Aust Pty Ltd*⁶² (which was concerned with the 1952 Act) and the High Court decision in *NV Philips Gloeilampenfabriken & Anor v Mirabella International Pty Ltd*,⁶³ which dealt with the 1990 Act.

Philips determined that the construction of the opening words of s18(1) of the Act, namely “a patentable invention is an invention that”, created a threshold requirement of “newness” or “inventiveness” distinct from the issue of novelty or obviousness.⁶⁴

His Honour Dowsett J considered that in applying *Philips* one must focus on the meaning of the specification and the material relevant to that issue.⁶⁵ In doing so his Honour found that the patent did not disclose a manner of manufacture within the meaning of s6 of the *Statute of Monopolies*.

In addition, the claimed invention did not involve an inventive step and it was anticipated (not novel). In the light of these findings, his Honour did not proceed further to consider the technical question of whether the specification fully described the invention or whether it lacked utility.

This presents a further uncertainty for patentees. The High Court determined that, if on the face of the specification there was no quality of inventiveness necessary for a grant under the *Statute of Monopolies*, it was not necessary to even consider the prior art question if the invention did not survive the threshold test under s18(1) of the Act.

Consider the different legal interpretation of scientific data in the Full Court of the Federal Court decision in *Philips*. The Court upheld a decision revoking the patent on the grounds that as a matter of construction of the specification that the patentee had claimed characteristics of known phosphors and claiming a monopoly in all lamps using those characteristics:

*"I accept the correctness of the submission of counsel for the respondent that what the patentee has done in this case is to choose two desirable characteristics of the known phosphors and to claim lamps using all phosphors, present and future, possessing those characteristics."*⁶⁶

The difficulty in predicting an outcome is shown by the dissenting judgment of Burchett J who said that the invention was a particular kind of lamp comprising luminescent materials having particular requirements, rather than in the phosphors themselves.⁶⁷

General Clutch Corporation v Sbriggs⁶⁸

As stated⁶⁹ the majority of patent owners are overseas entities where patents are filed through conventions. Consequently terms used in other countries may carry differing connotations.

In *General Clutch* the Court had to consider the meaning of the term "comprising" at length to determine if there was infringement.

The applicant was a US corporation and the registered proprietor of an Australian patent for "improvements in spring clutches". The patent contained 8 claims, but the applicant relied only on claim 1. Relevantly Claim 1 and claims 4 and 6 (which were referred to but not relied on) stated:

"1. A spring clutch comprising a first shaft...";

"4. A spring clutch comprising a first element...";

"6. A bi-directional spring clutch comprising an input element...".

The respondent simply said that the word "comprising" is an exclusive term meaning, "consisting only" of what followed the word. These were the essential integers of the claim. If that were not so, the respondent said Claim 1 would claim "any spring clutch made from a combination of integers which includes, but is not necessarily limited to, the integers in Claim 1." If that were the case the respondent said the patent would be invalid under s40 of the Act as it would fail to define the invention (s40 (2)(b)), would not be clear and succinct (s40 (3)) and would not be fairly based.

The applicant contended that the term “comprising” meant “includes” and that what followed was not a closed class of integers, as a spring clutch was not the claimed invention, but rather a spring clutch with the features identified in claim 1. The respondent’s product contained a third shaft and the respondent argued that as the word “comprising” represented a closed class of integers, which referred to two shafts, there could be no infringement.⁷⁰

His Honour O’Loughlin J held that infringement required that each of the essential elements of the combination the subject of the Patent be taken, and his Honour considered that the device challenged lacked two of the integers found in the relevant claim in the case before him.

CONCLUSIONS

The facts of each case present different emphases on the grounds the alleged infringer attacked validity. That there will be an attack is most probable. The alleged infringers in patent enforcement cases in the last ten years have all attacked the patent on one or more grounds.

The Court relies on technical experts in relation to a number of issues. These clearly would be at least on these matters:

- whether the specification indicates on its face that the patent is a manner of manufacture with s6 of the *Statute of Monopolies*;
- whether a non-inventive skilled addressee would be aware of the inventive elements claimed in the patent;
- whether prior art anticipates the claimed invention;
- whether several acts or publications can be joined together to form sufficient prior disclosure to anticipate the claimed invention;
- whether the claims are fairly based;
- whether the terms are ambiguous.

In addition, it is clear that all the essential integers must be taken to constitute infringement. Assuming a patent survives the attack on integrity, the determination of what are the essential integers of a claim are discretionary and make predicability of an outcome on infringement even more difficult.

OBSERVATIONS

ABUSE OF PRIVILEGE

There may be concern that as the majority of patents in Australia are owned by overseas interests that strengthening patents may not be in the interests of local consumers as it is anticipated that prices would not be able to be controlled. The poor success rate of patents in Australia in the last ten years may have resulted from an apprehension of the Federal Court that the public may suffer as a result of high prices for patented products.

Firstly, the Commonwealth has the power to exploit for itself an invention at any time after it is applied for.⁷¹

Alternatively, The Commonwealth may apply to the Court for an order revoking a patent.⁷² One ground may be that the invention is not a “patentable invention” as it is mischievous to the State within the meaning of s6 of the *Statute of Monopolies*.⁷³

This may be invoked where the product or process is so vital or anticipated to be so vital to the community that the public in general would unnecessarily suffer as a result of the monopoly granted. However comment anticipates that this is not likely. The Intellectual Property and Competition Review Committee has said:

“In practice, however, a patent holder can rarely act as a pure monopoly, because of the availability of alternate and substitute products and processes, and also because some scope for imitation almost always exists.”⁷⁴

The National Competition Council expresses similar comments, “*Review of s51(2) and 51(3) of the Trade Practices Act 1974*”, Final Report, March 1999:

“The Council regarded IP rights as exclusive property rights like any other, rather than legal or economic monopolies, and did not consider there to be any clash between IP rights and competition law. The Council considered there would only be rare cases where holders or users of IP rights would have sufficient market power to raise competition law issues, because generally there are viable substitute products or processes available from competing IP.”⁷⁵

MARKET SHARE

His Honour Drummond J⁷⁶ makes the point that there may be a use of patents, which is not a reward by the community for disclosure of information but rather a tool to block or seize market share.

Respectfully, I submit that the cases of Elconnex and MJA are examples of an equally prevalent “misuse”. In those cases a stronger competitor has reverse engineered a product to seize or secure a market share in their particular products or line of products. So used, disclosed information is not used by competitors to advance the level of knowledge and provide an improved product to the benefit of the public, but is used as a marketing tool.

The application of the well-known phrase in copyright law, “if it’s worth copying, it’s worth protecting”, seems to have little relevance in patent law.

THE INFRINGEMENT TEST

The consideration of the Court as to what are the “essential features” creates difficulties in advising on patent infringement. What the patentee may not regard as essential, may be determined differently by the Court. As all essential integers must be taken to effect infringement, the absence from the alleged infringing product or process of what the patentee regarded as non-essential will amount to non-infringement.

Is the Court merely “culling” the weak patents?

If the level of scrutiny of applications by IP Australia is relatively low, this may account for the poor performance of patents under Court scrutiny. However, the Court has considered this to be the preferable position.

In *Commissioner of Patents v Microcell Limited* it was said⁷⁷:

“It is well settled that the Commissioner ought not to refuse acceptance of an application and specifications unless it appears practically certain that letters patent granted on the specifications would be held invalid.”

The Court went on to say:

“Moreover, whereas refusal of acceptance is final, acceptance is not... and if a patent is granted, its validity is open to attack in proceedings for infringement or for revocation.”⁷⁸

The merits of a patent will not be scrutinised if there have been no opposition proceedings unless, and until, they come before the Court. As revocation proceedings are usually instigated as a cross-claim, it is crucial for the patentee, at the time of the grant, to have some indication that the grant reflects some merit.

INHERENT DIFFICULTIES

Our patent system is based on a first to file system rather than the first to invent. If a person independent of the applicant has invented something before the applicant, yet does not file before the applicant, subject of course to prior public disclosure issues, the earlier inventor will miss out.

The system inherently promotes the urgent filing of a provisional or complete specification to claim priority. Further, the quality of the claims or specifications may be compromised in the provisional specification where as is often the case the applicant is anxious to “launch” the product or method and requires the urgent preparation of complex documents.

Section 40 of the Act provides that the complete specification must not and cannot go beyond the parameters set by the provisional and must “describe the invention fully, including the best method known by the applicant of performing the invention.”

Difficulties arise when in the twelve months following the filing of the provisional specifications, further research may reveal a better method or unrealised integers. Cramming those expansions into the original description made in the provisional specifications may be difficult and may give rise to fair basing issues.

It may be said that further applications may be made if it is felt that the new discoveries do not come within the original disclosure. However, I submit firstly that this is not always clear and further that this will be for the ultimate determination of the Court and therefore may be uncertain.

Further there may be competitors making those further discoveries themselves from the original public disclosure where the product is exposed to the market in the interim period before grant.

The problem may be alleviated by the recommended period of grace of six months for public disclosure affecting the prior art base for novelty and inventive step.⁷⁹

SUGGESTIONS

Introduction Of A Presumption That Patents Are Valid

As stated above there is no presumption of validity in Australia.⁸⁰

It would seem logical that if a presumption of validity was introduced this may act as a deterrent to potential infringers as this would involve a higher level of scrutiny by IP Australia.⁸¹

The presumption would not guarantee validity but would shift the onus presently on the applicant to the alleged infringer. The shift alone will not of itself give rise to a greater number of patents enforced. The presumption must be accompanied by greater scrutiny before grant. The Court should presume technical experts who consider the material patentable have at least reviewed the patent.

The Advisory Council on Industrial Property has stated that a presumption can only be made where there is “vigorous screening” before grant.⁸²

The Intellectual Property and Competition Review Committee’s Interim Report of March, 2000 agreed with the recommendation that a pre-requisite for such a presumption would have to be a higher screening process before the grant of a patent⁸³.

The Record of Proceedings of the Enforcement of Industrial Property Rights, held in February 1998, notes the following responses from the participants:

“The level of the presumption of validity of Australian patents is a major concern held by most participants. Many people who obtain an IP right believe they own a valid right – only to discover when they try to take action against an infringer that this may not be the case.”⁸⁴

And further, whilst recognising that such a presumption may make it more difficult to obtain an IP right, the presumption of validity would remove much of the element of doubt for an IP right owner taking infringement action.⁸⁵

Experts

As the Courts place a great deal of reliance on the testimony of experts these should be appointed independently of the parties. Whilst this will increase costs “upfront” in litigation, as the experts will be paid as they carry out work, their objective testimony may assist patentees. It should also eliminate the problem of myopic hindsight.

As our Courts in this area rely heavily on the evidence of experts to explain the technology involved, I find the approach of one Canadian judge refreshing. On the question of obviousness it was said:

“Every invention is obvious after it is made, and to no one more than an expert in the field. Where the expert has been hired for the purpose of testifying, his infallible hindsight is even more suspect. It is so easy, once the teaching of a patent is known, to say ‘I could have done that’: before the assertion can be given any weight, one must have a satisfactory answer to the question ‘why didn’t you?’.”⁸⁶

An independent expert might eliminate the practice of having the attorney who drafted the patent defending it at trial. From the early advice stage an objective view should be taken on prospects.

Amendments to Patents

The practice of amending patents should be explored and utilised more often.

In *Pracdes Pty Limited v Stanilite Electronics Pty Ltd*⁸⁷ his Honour Windeyer J ordered that the patent be amended by substituting for the words *and thereby largely avoid the above disadvantages*” with the words *“and thereby largely avoid most, if not all, of the above disadvantages.”* The amendment made all the difference in that case as infringement had been found and save the amendment, the patent would have been held invalid.

Specialist Adjudicators

In many cases the ambiguity of an expression is not through a lack of technical description but rather from a legal drafting perspective.

In order to bridge the gap between technical expertise and legal expertise, the regulations should be amended so that patent attorneys are required to acquire legal qualifications.

From the ranks of such people who possess both the technical skills and the legal interpretive expertise, specialist adjudicators may be appointed to the Federal Magistrates Court to deal specifically with patent matters.

Presently, s198(2)(d) of the Act requires that the Commissioner may register a person as a patent attorney if, amongst other things, the person has the “prescribed qualifications”. The rules provide amongst other requirements that the applicant has

a degree, diploma or post graduate diploma of an Australian tertiary institution in an approved course “in a branch of engineering or science”.⁸⁸

The Act also requires a period of prescribed employment as a technical assistant in a patent attorney’s practice.

The issue is not whether that there is extensive training in drafting specifications and claims⁸⁹ but rather that legal training would assist in anticipating difficulties, which may render some patents vulnerable to revocation.

The course requirements in the prescribed subjects with respect to patents are limited to Patent Law and Legal Process (a subject concerned with the general legal structure of courts and legislation). I believe the interpretive skills, which an attorney obtains through legal training, differs from that in which legal documents are drawn from a science or engineering background. After all, lawyers interpret the specifications with the assistance of technical experts.

This appears to be recognised in the United States. The American regulations governing the recognition of individuals to practice before the United States Patent Office in patent cases are set out in 37 CFR §§ 10.5, 10.6 and 10.7. These include a provision that any citizen of the United States who is an attorney and who fulfils the requirements set out in the regulations may be registered as a patent attorney.⁹⁰ The regulations go on to say that the applicant must be “possessed of the legal, scientific, and technical qualifications necessary to enable him or her to render applicants for patent valuable service”⁹¹

CONCLUSION TO PAPER

The decisions show that it would be foolish for anyone to expect that they could advise in this area with any degree of predictability. It is equally difficult to determine from the cases whether the low statistics are attributable to a pro-competition policy of the Court.

As stated by the Working Group:

“It can be very difficult in such an area of law to assess whether the Courts are correctly applying the law, or whether in fact they are applying policy criteria and so making law every time they confront new facts and circumstances.”⁹²

It is fitting that this paper ends on a positive note. Intellectual endeavour should be encouraged for the benefit of all Australians. Recently her Honour Kiefel J “ploughed

through” a myriad of attacks on validity, including technical attacks under s40(2), fair basing under s40(3), novelty which involved ten alleged anticipations, prior use, false suggestion and obviousness to conclude there was infringement. Relevant to the decision was unconvincing evidence from the respondent’s expert witnesses.⁹³

DIMITRIOS ELIADES

3 May 2001

¹ The Working Group for Managing Intellectual Property was one of six working groups established by the Innovation Summit Steering Committee to prepare a paper (“the Framework Paper”) which formed part of a public release kit which was presented to the National Innovation Summit held in Melbourne in February 2000.

“An examination of Australian IP statistics indicates that the total patent applications have doubled between 1991/2 and 1997/8 (27,217 to 52,118). However, this does not indicate a major increase in the number of patents being taken out by Australian firms or individuals. Rather, this growth is entirely due to international applications designating Australia under the Patent Co-operation Treaty (“PCT”) which rose from 11,500 to 38,380 during this period. This does not indicate an increased interest in Australia, just an increased use of PCT applications which cover multiple countries.” The Framework Paper p.17 referring to IP Australia, Industrial Property Statistics, 1994/95 – 1997/98.

² In a media release by Mr Warren Entsch, MP, Parliamentary Secretary to the Minister for Industry, Science and Resources, dated 26 April 2001 on the “*New Patent to Protect Australian Innovations*” it was said that:

“Many small to medium enterprises invest considerable amounts of time and money in developing and testing new products and improvements that, while not vastly different from existing technologies, still have significant commercial value.”

See the comments of the Minister for Industry, Science and Resources at the time in a letter to the Chairman of the Advisory Council for Industrial Property (ACIP) who states that:

“An effective enforcement system is an essential part of a strong industrial property system.”

(ACIP, “*Record of Proceedings of the Enforcement of Industrial Property Rights Workshop*,” at p.vi);

See also a note by the chairman Dr Ziggy Switkowski, that the then Minister for Industry, Science and Resources, John Moore, felt that Australia would “lose out” if business was not using the IP system and that one major difficulty for not using the IP system was perceived to be the “real difficulty in enforcing IP rights.” (At p.6 of the “*Record of Proceedings*”).

³ See s40 of the Act.

⁴ A list of case findings in the period 1990 to 2000 is attached as a schedule to a paper by his Honour Mr Justice Drummond of the Federal Court, and entitled “*Are the Courts Down Under Properly Handling Patent Disputes?*” delivered to the 14th IPANZ Conference in July 2000.

⁵ Duigan and Dowling, “Threshold Test of Manner of Manufacture in Australia - What Next?” Patent World, September 1998, pp. 26-27.

⁶ The judgment of Gummow J in the Federal Court of Australia in *Rescare Ltd v Anaesthetic Supplies Pty Ltd* 25 IPR 119 in favour of the patentee was reversed by the Full Court of the Federal Court reported at 28 IPR 383.

⁷ *Pracdes Pty Ltd v Stanilite Electronics Pty Ltd* CLS 1995 NSWSC Eq 1; *Atlantis Corporation Pty Ltd v Schindler* 33 IPR 91 and in a further determination at CLS 1997 NSWSC EQ 31, in which some claims in the patent were revoked and infringement found in respect of surviving claims; *Arthur W Pearce v Paul Kingston Pty Ltd* 23 IPR 303.

⁸ *Pracdes Pty Ltd v Stanilite Electronics Pty Ltd* 35 IPR 259; Decision on applicant’s Notice of Motion to amend the patent in suit at CLS 1995 NSWSC Eq 1.

⁹ Validity of the patent in suit upheld in *Atlantis Corporation Pty Ltd v Schindler* 33 IPR 91 and in a further determination at CLS 1997 NSWSC EQ 31, and revoked by the Full Court of the Federal Court reported at 39 IPR 29.

¹⁰ Framework Paper, p.65.

¹¹ See “*Record of Proceedings*” referred to in endnote i, at p.11 and Attachment 1.

¹² See endnote v, at p27.

¹³ Submission of the Institution of Engineers Australia (Issues Paper Submission 40 p3) referred to in the Final Report by the Intellectual Property and Competition Review Committee, September 2000, at p 176.

¹⁴

The Framework Paper at p65.

¹⁵ The Dictionary contained in Schedule 1 of the Act. Note also that *The Patents Amendment (Innovation Patents) Act* 2000 No 140 was assented to on 24 November 2000 and commences May 2001. The act has been passed as a response to a review by the ACIP of the petty patent system, which was not achieving its objectives (See the Revised Explanatory Memorandum). The Innovation Patent shall replace the petty patent and provide a cheaper and easier second level of patent protection.

¹⁶ s13(1) of the Act. The term “exploit” includes where the invention is a product – to make, hire, sell or otherwise dispose of the product, offer to make sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or where the invention is a method or process – to use the method or process or do any act already mentioned in respect of a product resulting from such use. (The Dictionary contained in Schedule 1 of the Act).

¹⁷s 13(2) of the Act.

¹⁸ Lahore J, “*Patents, Trade Marks and Related Rights*”, Butterworths Service, p18, 041. The patentee or exclusive licensee of the patent may commence proceedings for infringement within 3 years of the date of grant of the patent or 6 years from the day on which the infringing act was done, whichever is the later (see s120 of the Act).

¹⁹ s121 of the Act.

²⁰ Section 6 of the Statute of Monopolies 1623 21 James I c 3 (UK) states:

“Provided also, and be it declared and enacted, that any declaration before mentioned shall not extend to any letters-patent and grants of privilege, for the term of fourteen years or under, hereafter to be made of the sole working or making of any manner of new manufacture within this realm, to the true and first inventor and inventors of such manufactures, which others, at the time of making such letters-patent or grant, shall not use, so as also they be not contrary to the law, nor mischievous to the state, by raising prices of commodities at home, or hurt of trade, or generally inconvenient; the said fourteen years to be accounted from the date of the first letters-patent or grant of such privilege, hereafter to be made, but that the same shall be of such force as they should be, if this act had never been made and of none other”

²¹ Note the exceptions contained in s18(2) of the Act which relate to human beings and the biological processes for their generation are not patentable inventions.

²² s20 of the Act. It should be noted that the court might in proceedings where the validity of the patent or a claim is in issue, certify that the validity was questioned. This provision if acted upon has cost consequences but raises no presumption of validity.

²³ Lord Mansfield said:

“The law relative to patents requires as a price the individual should pay the people for his monopoly, that he should enrol, to the very best of his knowledge and judgment, the fullest and most sufficient description of all the particulars on which the effect depended, that he was at the time able to do.” *Liardet v Johnson (1778) 1 WPC 53.*

²⁴ s40 of the Act.

²⁵ At www.ipaustralia.gov.au.

²⁶ 26 IPR 513.

²⁷ See decision of Heerey, J. in *Asahi v Grace* 22 IPR 491. At p522, his Honour considered the question of obviousness. His Honour cited several references where the law on obviousness was reviewed and referred to the comments of Buckley, LJ in *Beecham Group Limited (Amoxycillin) Application* (1980) RPC 261 at 290-291 where it was said that obviousness and inventiveness were antitheses.

²⁸ *Technograph Printed Circuits Pty Ltd v Mills & Rockleigh (Electronics) Limited* (1972) RPC 346 at 355 and 366.

²⁹ *Minnesota Mining & Manufacturing Company v Beiersdorf Australia Limited* (1980) 144 CLR 253 at 293.

³⁰ See Bowen LJ in *Humperson v Syer* (1887) 4 RPC 407.

³¹ See Lord Westbury in *Hill v Evans* (1862) 31 LJ Ch 457.

³² *Von Heyden v Neustadt* (1880) 14 Ch D 230; *Rose Holdings Pty Ltd v Carlton Shuttlecocks Ltd* (1957) 98 CLR 444; *Nicaro Holdings Pty Ltd v Martin Engineering Co* (1990) 16 IPR 545 where it was indicated that there is a greater inhibition to combine prior art documents where the challenge is based on want of novelty than obviousness. See particularly comments of Gummow J at p578. It was also acknowledged in *Minnesota Mining & Manufacturing Company v Beiersdorf Australia Limited* 29 ALR 29 Aicken J (with whom the other members of the High Court agreed) at 57-58 that it was not permitted to select pieces of information of prior publications from different sources and put them together to show want of novelty.

³³ The Intellectual Property Advisory Committee's recommendation in this area (Recommendation 13(ii)), proposed that unless there was cross referencing it should not be permitted to combine any two disclosures of documents or uses or a combination of either. This was ignored and s7(2)(b) of the Act appears to encapsulate the comments of Aicken J.

³⁴ 24 IPR 185 at 197-8. This was a case that involved versatile building structures such as marquees and tents. The opponent's tent structure and a shopping arcade roof were not linked by evidence in any way despite both being publicly exposed.

³⁵ (1935) 52 RPC 28 at 37.

³⁶ *Australian Solar Mesh Sales Pty Ltd v Tomlin Industries Pty Ltd and Others* 21 IPR 447.

³⁷ (1981) 1 48 CLR 551 at 559.

³⁸ *Interlego AG v Toltoys Pty Ltd* (1973) 130 CLR 461 at 479; *Décor Corp Pty Ltd v Dart Industries Inc* (1988) 13 IPR 385 at 399.

³⁹ In *International Business Machines Corp v. The Commissioner of Patents* 22 IPR 417 his Honour Burchett J considered whether curved representations in computer graphic image displays were merely a procedure for solving a given type of mathematical problem – an algorithm – or whether it was a “manner of manufacture”. His Honour applied a more holistic approach rather than a literal reading of the specifications, reflected in the following comments of Sheppard J in *Dart Corp Pty Ltd v. Dart Industries Inc* (1988) 13 IPR 385 at 400: -

It is not legitimate to confine the scope of the claims by reference to limitations which may be found in the body of the specification but are not expressly or by proper inference reproduced in the claims themselves...Nevertheless, in approaching the task of construction, one must read the specification as a whole.

Burchett J went on to say: -

If the present specification is read as a whole, it seems to me that there is a necessary inference confining claim one to the

operation of computers. One should not pick ones way through a claim wearing blinkers that exclude from sight the context in which the claim is set. In the modern cases, it is frequently said that a specification should be given a purposive construction rather than a purely literal one: see for example, Tye-Sil Corp Ltd v Diversfield Products Corp (1991) 20 IPR 575 at 585.

⁴⁰ See Gummow J said in *Yamazaki Mazak v Interact Machine Tools (NSW) Pty Ltd* 22 IPR 79 at p88:

“...Upon that construction, which I accept, there is infringement. I have reached that conclusion by having regard to the meaning of the claim itself. This is not a case where in the quest for clarity it is permissible to resort to the body of the specifications to define or clarify the meaning of the claims.”

⁴¹ *“It is by this, by the production of some useful effect, that patent law has distinguished... between the discovery of a principle of science and the making of an invention.”*

⁴² [1982] RPC 183.

⁴³ *Catnic* has been applied in *BF Goodrich Co v ICI Australia Operations Pty Ltd* (1995) 31 IPR 133; *Lumenyte International Corporation v Light Transmission Cables Pty Ltd* (1995) 31 IPR 527; *Bally Gaming International Inc v Game Machine Data Transfer System* [1994] AIPC 38,281; *Bally Gaming International Inc v Scandic International Pty Ltd* (1994) 29 IPR 87; *Winner v Morey Haigh & Associates (Australasia) Pty Ltd* (1996) 33 IPR 215; *Applied Explosives Technology Pty Ltd v Kelly* (1995) 33 IPR 616; *Pracdes Pty Ltd v Stanilite Electronics Pty Ltd* (1995) 35 IPR 259; *Belden Wire & Cable Co v Pacific Dunlop Ltd* (1997) 38 IPR 605; *AAV Australia Pty Ltd v Cintel International Ltd* (1998) 41 IPR 106; *DAP Enterprises Pty Ltd v Roberts Designs Pty Ltd* (1998) 41 IPR 192; *Coogi Australia Pty Ltd v Hysport International Pty Ltd* (1998) 157 ALR 247. See also paragraph (6) of the ten rules of construction a prepared by Sheppard J in *Décor Corporation Pty Ltd v Dart Industries Inc* (1988) 13 IPR 385.

⁴⁴ Ricketson, S, *“The Law of Intellectual Property”*LBC, 1984 at p982.

⁴⁵ See *Avion Engineering v Fisher & Paykel* 20 IPR 23; *Olin Corp v Super Cartridge Co Pty Ltd* (1977).

⁴⁶ See *Clark v Adie* [1877] 2 AC 315 (House of Lords).

⁴⁷ (1986) 6 IPR 607.

⁴⁸ 22 IPR 551 – first instance; 25 IPR 173 – appeal.

⁴⁹ At 556.

⁵⁰ This sentiment was noted in the decision by Mr Justice Sheppard. His Honour said that the fact that the respondent, who was the largest manufacturer of connectors in Australia should so quickly seek to imitate the appellant’s product was evidence of the fact that there was a long felt want in the sense that once the appellant’s product revealed what could be done, a preferable method became apparent and was adopted by others in the industry. His Honour said that however while such matters were important, they were not conclusive on the question of obviousness in the present case. 25 IPR 173 at p194. See also *Stiga Aktiebolag v SLM Canada* 21 IPR 235 at 258 per Walsh J.

⁵¹ 25 IPR 173 at 178-179.

⁵² At 577 –578.

⁵³ 43 IPR 287.

⁵⁴ These were at 310.

⁵⁵ *Populin v HB Nominees Pty Ltd* (1982) ALR 471.

⁵⁶ *Radiation Ltd v Galliers & Klaerr Pty Ltd* (1938) 60 CLR 36 .

⁵⁷ *Olin Corp v Super Cartridge Co Pty Ltd* 14 ALR 149.

⁵⁸ At 309.

⁵⁹ 43 IPR 275 at 283.

⁶⁰ [1999] FCA 1369.

⁶¹ At paragraph 130 of the judgment.

⁶² (1997-1998) 194 CLR 171.

⁶³ *NV Philips Gloeilampenfabriken & Anor v Mirabella International Pty Ltd* 26 IPR 513.

⁶⁴ *Dyno Noble* at paragraph 153ff.

⁶⁵ *Dyno Noble* at paragraph 156.

⁶⁶ 26 IPR 513 at 538.

⁶⁷ As stated by his Honour in his dissenting judgment at 557:

“In my respectful opinion the statement that ‘(t)he luminescent qualities of phosphors had long been known’ is irrelevant. The patentee did not claim the discovery of these luminescent qualities. What was claimed was that the inefficient use of these qualities in highly loaded lamps in accordance with the prior art, so inefficient that compact lamps were not made and other highly loaded lamps were only made for use in circumstances where inefficiency could be accepted, was attributable to factors quite different from that previously thought responsible, and was remediable by the utilisation of characteristics of some phosphors which had not previously been recognised as

important for the purpose, so that no appropriate selection had been made.”

Further Burchett J emphasised that the essence of the invention was an efficient highly loaded lamp rather than the known qualities of phosphors. At p557-8 his Honour said:

“The essence of the invention as described in the specification, is to provide an efficient highly loaded lamp where previously none was thought possible without the development of phosphors of sufficiently greater efficiency to make up for the losses believed to be inevitable in such a lamp and, in the most important commercial application of the invention, to provide a compact lamp where none at all existed before. It is inadequate to the point of error to describe this as merely the specification of desirable short-term decrease and electronegativity limits for phosphors used in highly loaded lamps. What the patentee has done falls precisely within the often cited words of Lindley LJ which Lord Morton of Henryton, in a speech that commanded the unanimous assent of the House of Lords, adopted in Benmax v Austin Motor Co Ltd (1955) 72 RPC 39 at 45:

‘...a patent for a new use of a known contrivance is good and can be supported if the new use involves practical difficulties which the patentee has been the first to see and overcome by some ingenuity of his own.’

⁶⁸ 38 IPR 359.

⁶⁹ See endnote i.

⁷⁰ Submissions on the term “comprising” at 370f.

⁷¹ s163 of the Act.

⁷² S138(1) of the Act.

⁷³ The Australian Patent Office has refused to grant a patent for computer programming on this basis. In *British Petroleum Co. Ltd.’s Application* (1968) 38 A.O.J.P. 1020 it was said:

“It would certainly be mischievous to the State and generally inconvenient if, after investing a million dollars in a computer, the owner were to find himself prevented from operating it efficiently, or in any manner he may wish, or with any degree or privacy or secrecy he may desire.”

⁷⁴ The Intellectual Property and Competition Review Committee, Review of Intellectual Property legislation under the Competition Principles Agreement”, September 2000, at p.138.

⁷⁵ National Competition Council, pp.149-150, 157-166, 171-172.

⁷⁶ Referring to the use of patents as a marketing ploy, his Honour at p.8 of the paper referred to in endnote iv:

“So used, patenting is not a reward by the community for the public disclosure of information potentially useful to advance technology, but rather an aid to marketing a newly created need.”

⁷⁷ (1959) 102 CLR 232 at 244 –245.

⁷⁸ See also *McDonald v Commissioner of Patents* (1913) 15 CLR 713.

⁷⁹ Final Report by the Intellectual Property and Competition Review Committee, September 2000 on IP legislation under the Competition Principles Agreement at p.161.

⁸⁰ In the UK s116 of the *Patents Act* 1977 relevantly provides:

“Neither the Secretary of State nor any officer of his-

shall be taken to warrant the validity of any patent granted under this Act or any treaty or international convention to which the United Kingdom is a party; or

shall incur any liability by reason of or in connection with any examination or investigation required or authorised by this Act or any such treaty or convention, or any report or other proceedings consequent on any such examination or investigation.”

In Canada s47 of the *Patent Act* (Canada) relevantly provided that a patent should be “prima facie valid”. This section was redrafted as s43 in the Revised Statutes of 1985, c P-4 as follows:

“[a patent] shall, thereafter, in the absence of any evidence to the contrary, be valid...”

⁸¹ However, this might not be the case according to some participants of the workshop referred to in endnote i:

“An alleged infringer will usually answer the claim that they have infringed a patent with a cross-claim that the patent is invalid. This means that the patent holder has to re-establish the validity of their rights. This creates considerable uncertainty because the criteria used by the Courts to establish validity often differ from those originally used by IP Australia to grant the right.”

⁸² ACIP *Interim Report*, pp.52 & 56.

⁸³ ACIP *Interim Report*, pp.52 & 56. The Committee said:

“An important objective of the system is to encourage and protect investment in innovation by granting exclusive property rights. These rights should, in a Committee’s view, only be granted where it is clear that they are warranted. This implies a requirement for vigorous screening before grant.

It is recognised that this implies relatively high costs for patent applicants....”

⁸⁴ See *Record of Proceedings* endnote 1 at p15.

⁸⁵ See *Record of Proceedings* endnote 1 at p41.

⁸⁶ Walsh J in *Stiga Aktibolag v SLM Canada* 21 IPR 235 at 258 citing Hugessen J in *Beloit Canada Ltd v Valmet Oy* 8 CPR (3d) 289 at 296.

⁸⁷ 35 IPR 259 and further on a successful application by motion to amend the terms of the patent and find validity and infringement at CLS 1995 NSWSC EQ 1. See also *Australian Solar Mesh Sales* supra at footnote 61. In that case there were several alleged ambiguities and the respondents claimed that the claims were “inelegantly drafted.”

⁸⁸ Rule 20.3(b)(ii) of the *Patents Regulations* 1991; Schedule 6 Columns 1 and 2.

⁸⁹ See Regulation 20.3(a) and Schedule 5 of the Regulations.

⁹⁰ §10.6 (a).

⁹¹ §10.7(a)(2)(ii).

⁹² The Framework Paper p66.

⁹³ *Great Western Corporation Pty Ltd v Grove Hill Pty Ltd* [2001] FCA 423.