

CASE BRIEFING DISCUSSION – TECHNOLOGY AND IP

HOST: BENNETT & PHILP LAWYERS
LOCATION: Level 13, 15 Adelaide St, Brisbane
TIME: 7.30am
DATE: Wednesday, 27 February 2019
PRESENTER: Dimitrios Eliades, Barrister
CHAIR: Michael Finney, Solicitor

Part 1 - Patents

Introduction

1. The two topics to which discussion is directed, have properties reflective of each other albeit from different IP areas.
2. In the case of the obligation to disclose the “best method”, we shall consider how the courts and IP Australia have responded to the amendment by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) (the “*Raising the Bar Act*”) to the *Patents Act 1990* (Cth) (the “*Patents Act*”), by adding s.40(2)(aa).
3. Whereas, in the case of the introduction of s.122A by the *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* (Cth) (“the PC Part 1”), this amendment seeks to respond to some uncertainties highlighted in the cases, usually dealing with parallel importation.

The “best method”

Pre-Raising the Bar

4. Relevantly, before the *Raising the Bar* amendment, by s.40(2)(a) of the *Patents Act*, a complete specification was required to “describe the invention fully, **including** the best method known to the applicant of performing the invention”. (My emphasis)
5. The Explanatory Memorandum for the *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* (Cth) (the “Explanatory Memorandum”), concerning s.40 of the *Patents Act*, stated that the existing requirement for a complete specification to

include the best method known to the applicant of performing the invention “remains unchanged”.¹

*Les Laboratoires Servier v Apotex Pty Ltd*²

6. Servier considered carefully the best method requirement, specifically, whether there was a residual requirement to identify the best method of performing invention.
7. Les Laboratoires Servier was the patentee of Australian Patent No. 2003200700 (the Patent) entitled “New salt of perindopril and pharmaceutical compositions containing it”.
8. The appeal by the patentee and its exclusive licensee, was in respect of four separate decisions, of which the best method appeal was included.³
9. Relevant to the best method appeal, the claimed invention related to a new salt of perindopril, a compound known especially for the treatment of arterial hypertension and heart failure.⁴ The claimed invention, the arginine salt of perindopril, was said to have ‘*entirely unexpected advantages over all the other salts studied*’.⁵
10. The Court observed:

As to the preparation of the arginine salt, the specification states:

The arginine salt used in this study is the L-arginine salt. It has been prepared according to a classical method of salification of organic chemistry.

Relevantly to the appeal from the best method decision, it can be noted that there is no other detail of the preparation of the claimed arginine salt and that the reference is to ‘a’ classical method of salification, with no specific method referred to by way of citation or otherwise.⁶

11. The relevant provision was s.40(2)(a), before the amendment and provided that the complete specification must:

(a) *describe the invention fully, including the best method known to the applicant of performing the invention;*

12. Relevant to the best method appeal, the primary judge found that s.40(2)(a) of the *Patents Act*, included a requirement that the patentee disclose the best method known to the patentee of performing the invention over and above the requirement of sufficiency and that Servier had failed to comply with that obligation.⁷

¹ The Explanatory Memorandum Schedule 1 Item 8.

² *Les Laboratoires Servier v Apotex Pty Ltd* [2016] FCAFC 27 (8 March 2016, Bennett, Besanko and Beach JJ) (“*Servier*”).

³ [2013] FCA 1426 (the best method decision), (2014) 107 IPR 95 (the declaration decision), (2015) 111 IPR 160 (the amendment decision), and (2015) 324 ALR 549 (the costs decision): *Servier* at [2].

⁴ *Servier* at [7].

⁵ *Servier* at [8].

⁶ *Servier* [9] and [10].

⁷ *Servier* at [12].

13. The Court noted that variable precipitates would form if perindopril and arginine were subjected to a classical method of salification. The nature of the precipitate formed could be influenced by the solvent or solvents used and the temperatures of the process.⁸
14. Apotex's case was that there was an absence in the specification of a method of preparing a pharmaceutical composition containing perindopril arginine, in order to be able to achieve the results of the long-term stability study described in the specification.⁹
15. Relevantly, both the inventor, Gerard Damien, and Servier knew that perindopril arginine had been prepared in 1986 and 1991, using slightly different classical salifications but neither of those methods, known to the Patentee, were referred to in the specification.¹⁰
16. This paper suggests that the pre-amendment inclusion of best method in s.40(2)(a) led to the argument that if you satisfied sufficiency then you satisfied the best method requirement.
17. The parties agreed that Servier satisfied the sufficiency test. This test was set out by the High Court in *Kimberly-Clark Australia Pty Limited v Arico Trading International Pty Limited* (2001) 207 CLR 1, namely that s 40(2)(a) required a disclosure that would allow the addressee of the specification to produce something within each claim without new inventions or additions or prolonged study of matters presenting initial difficulty (*the 'Kimberly-Clark test'*).¹¹
18. The Court reiterated the section:

*A complete specification must describe the **invention** fully, **including** the best method known to the applicant of **performing the invention**.* (the Court's emphasis)¹²
19. Servier's submission was there was no separate, additional or "residual" best method requirement. Instead, the best method requirement was a subset of sufficiency and enablement.¹³ It was a subset of enablement and that the only obligation to disclose a method is if it requires something which would not be understood by the skilled addressee.¹⁴
20. The Court acknowledged that there were not many cases on best method and that sufficiency dominated the attention of the Court:

Many of the cases that purport to deal with s 40(2)(a) do not consider, and make no reference to, the question of the obligation to provide the best method. However, that

⁸ *Servier* at [20].

⁹ *Servier* at [25].

¹⁰ *Servier* at [25] referring to the primary judgment at [145].

¹¹ *Servier* at [48].

¹² *Servier* at [60].

¹³ *Servier* at [61].

¹⁴ *Servier* at [102].

does not mean that there is no such obligation. It means that the issue was not raised and that the argument was limited to the sufficiency requirement, the subject of the attack. This does not lead to the conclusion that those cases determined that the only obligation under that section was to comply with the *Kimberly-Clark* test, being a test of sufficiency.¹⁵

21. Not assisting the distinct nature of the best method obligation in the pre-amended provision, was the total section considered and reference made to the “two limbs” of s.40(2)(a):

The characterisation of s 40(2)(a) (or its predecessor s 40(1)(a) of the 1952 Act, in the same terms) as consisting of a first ‘limb’ and a second ‘limb’, with the patentee required to comply with each limb, has been a feature of a number of cases where the **totality of the obligation** was considered. (My emphasis)

22. The Court noted a number of examples where the Court considered the limbs separately. These included:

- a) *Pfizer*¹⁶ (at [327]), the Full Court explained s 40(2)(a) in terms of “two limbs”, where the first limb, that the invention be described “fully”, imports the requirement of sufficiency of description, the *Kimberly-Clark* test. Accordingly, their Honours considered sufficiency and best method separately and relevantly said:

*“[d]isclosure of the best method known to the applicant of performing the invention’ (a subjective notion) is a part of describing the invention ‘fully’.”*¹⁷

- b) *Expo-Net*¹⁸ where Bennett J considered that s 40(2)(a) imposed two requirements:
- i. that the description in the specification be sufficient, which her Honour noted had been described as the first limb of the section (sufficient instruction to enable the person of ordinary skills to work the invention without inventive step or undue experimentation); and
 - ii. the further requirement, the second limb, that the specification include the best method of performing the invention known to the inventor.¹⁹

Relevantly her Honour at [16] adopted an analysis whereby an applicant for revocation on the ground of failure to disclose the best method must show that:

¹⁵ *Servier* at [68].

¹⁶ *Eli Lilly & Co v Pfizer Overseas Pharmaceuticals* (2005) 64 IPR 506

¹⁷ *Servier* at [96].

¹⁸ *Expo-Net Danmark A/S v Buono-Net Australia Pty Ltd (No 2)* [2011] FCA 710.

¹⁹ *Servier* at [98].

- a) The method which the patentee failed to disclose is a method of performing the invention.
 - b) The method is in fact a better method of performing the invention than the method disclosed in the specification.
 - c) The method was known to the patentee at the time when the application for the Patent was lodged at the Patent Office.
 - d) The method is not disclosed in the specification.
 - e) The patentee knew that the method was better than the method(s) described in the specification.
23. The Court noted the the Explanatory Memorandum for the *Raising the Bar Bill* at Item 8 concerning s 40 of the Act, particularly the requirement for a complete specification to include the best method known to the applicant of performing the invention remains unchanged.²⁰
24. After noting the amended provision dividing s.40(2)(a) into two distinct paragraphs as follows:
- (2) *A complete specification must:*
 - (a) *disclose the invention in a manner which is clear enough and complete enough for the invention to be performed by a person skilled in the relevant art; and*
 - (aa) *disclose the best method known to the applicant of performing the invention...*
- the Full Court at [108] distilled a number of principles from the authorities.
25. Different policy reasons support the obligation to describe the invention fully and the obligation to provide the best method:
- a) The new s.40(2)(a) obligation to describe the invention fully, is to circumscribe the monopoly granted to the patentee;
 - b) the purpose of the obligation now in s.40(2)(aa), to provide the best method known to the patentee of performing the invention, is to allow the public the full benefit of that invention when the monopoly expires.
26. Although a patentee might not be explicitly required to act in good faith, principles of good faith underlie the best method requirement.

²⁰ *Servier* at [107].

27. Even where legislation has not included an explicit ‘best method’ requirement, courts have considered it to be a separate and additional requirement to the obligation to a sufficient description of the invention.
28. The nature and extent of the disclosure required to satisfy the best method requirement will depend on the nature of the invention itself.
29. The Full Court determined that the separate or additional nature of the requirement has been confirmed, including by the Full Court and there was no need to depart from that view.²¹
30. As to the date at which the patentee should disclose the best method known in the specification, it was noted there was some controversy. The case was not required to determine the issue of the relevant date but the Court noted the following views (citations excluded):
 - a) In *Illinois Tool Works*, Graham J concluded that the relevant date was the date of publication of the specification.
 - b) In *Van Der Lely*, Nicholls LJ expressed the view that the requirement was to disclose the best method known to the applicant at the time the complete specification was filed.
 - c) In *Eli Lilly*, Heerey J concluded that the relevant date for assessing best method is, at the earliest, the date of grant and not the date of filing of the application.
 - d) In *Rescare*, Gummow J concluded that the date upon which the best method was to be disclosed was the date of filing of the application.
31. The Court observed that the parties agreed for the purposes of the appeal that any best method requirement was the best method known to the patentee as at the date of filing, although there was a debate as to whether Servier could amend later in time to include or to add that best method.²²

²¹ *Servier* at [109].

²² *Servier* at [116].

*Sandvik IP v Quarry Mining & Construction*²³

32. The appellants were the owner and exclusive licensee respectively of Australian Patent No 744870 (the ‘Patent’) titled “Extension Drilling System”.
33. The invention the subject of the Patent, related to an extension drilling system used to drill holes in underground mining operations, specifically coal mines. The drill was extended by the use of extension rods which had a ‘male’ threaded coupling at the one end and a ‘female’ threaded coupling at the other end, thereby extending the drill by these connecting rods.²⁴
34. This was said to overcome a problem associated with the removal of extension rods from the drill rod string after drilling had been completed.
35. Sandvik claimed infringement of the Patent and Quarry Mining cross-claimed, inter alia seeking revocation of the Patent on the ground that Sandvik failed to describe the best method known to it to carry out the invention.
36. Since the 1970s, *roof bolting* and *cable bolting* systems replaced the old timber frames, which prevented roofs collapsing in the voids which constituted the pathway or “roadways” underground.²⁵
37. *Roof bolting* are long solid bolts which are driven into the roof above the roadway. Holes are drilled firstly into the roof of the roadway according to the diameter and length to cater for the bolts, usually the range of 1.5-2.4 m.
38. The bolt is inserted into the drilled hole and secured, and then the lower end of the bolt is threaded to take a nut, which is tightened against the surface of the roof.²⁶ A metal plate or washer is often placed between the nut and the roof surface to spread the load against the roof surface. Once tightened, the roof bolts lock the strata material together.
39. *Cable bolts*, made of twisted wire strands are long flexible bolts, used in the same way as roof bolts, but where there the roof bolts are considered insufficient to hold the roof. They are usually around 4-12 m in length.
40. The present appeal is not concerned with roof bolts and cable bolts per se, but with drilling systems for making the holes into which these bolts can be inserted, specifically the systems for making the long holes required for the insertion of *cable bolts*.²⁷

²³ *Sandvik Intellectual Property AB v Quarry Mining & Construction Equipment Pty Ltd* [2017] FCAFC 138 (Greenwood, Rares and Moshinsky JJ) (‘*Sandvik*’)

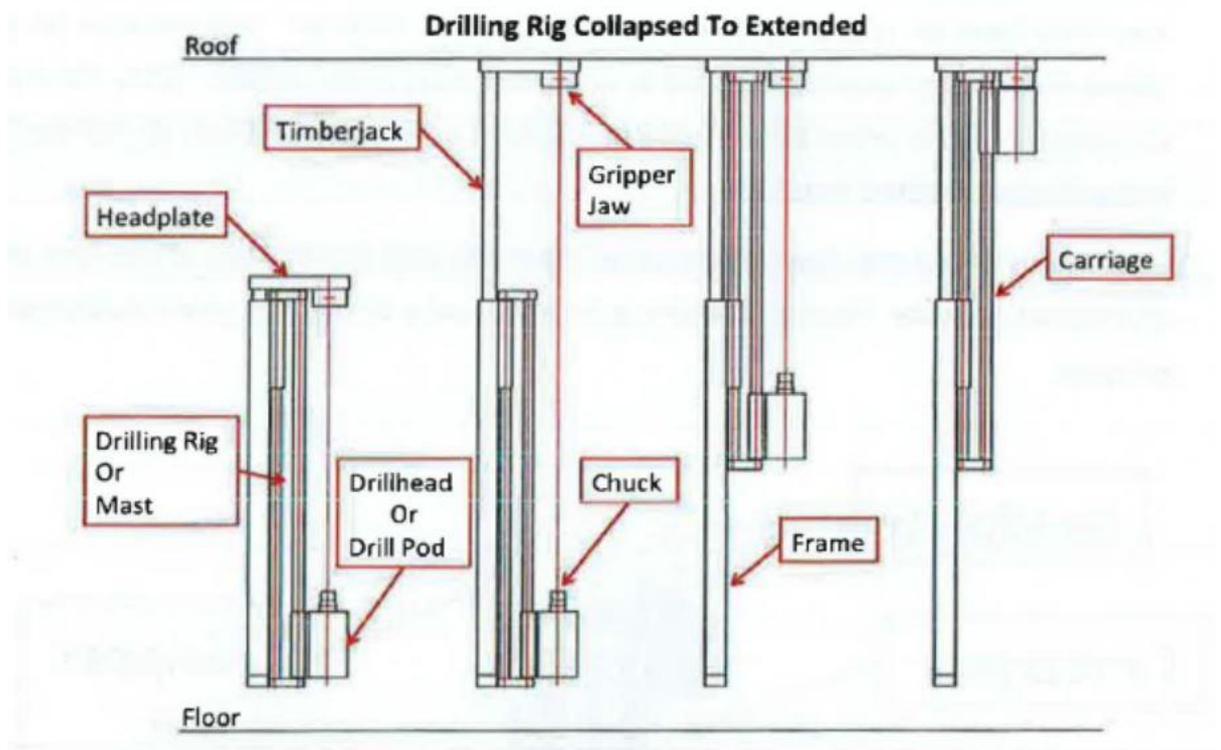
²⁴ *Sandvik* at [1].

²⁵ *Sandvik* at [10].

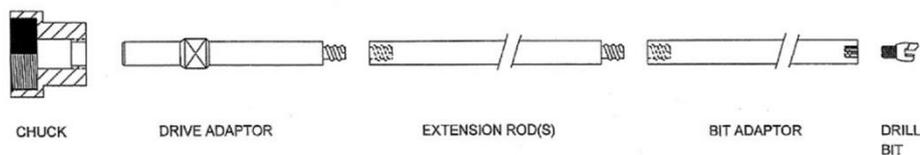
²⁶ *Sandvik* at [11].

²⁷ *Sandvik* at [13].

41. The appeal is specifically concerned with systems for making the long holes required for the insertion of *cable bolts*. The same power source is commonly used for both roof bolts and cable bolts for drilling roof holes in underground mines.
42. The components of machine-mounted roof bolter are the drilling rig, or mast, and the drill. The Court likened this to a handyperson’s drill – it has a chuck which receives and secures the drill bit.
43. In roof bolt drilling, there is also a drill with a chuck, and the chuck receives the drill bit, referred to as a ‘rod’ since it will generally be at least long enough to facilitate the drilling of a hole to receive a roof bolt of 1.5 m in length.²⁸ In evidence was the following schematic:



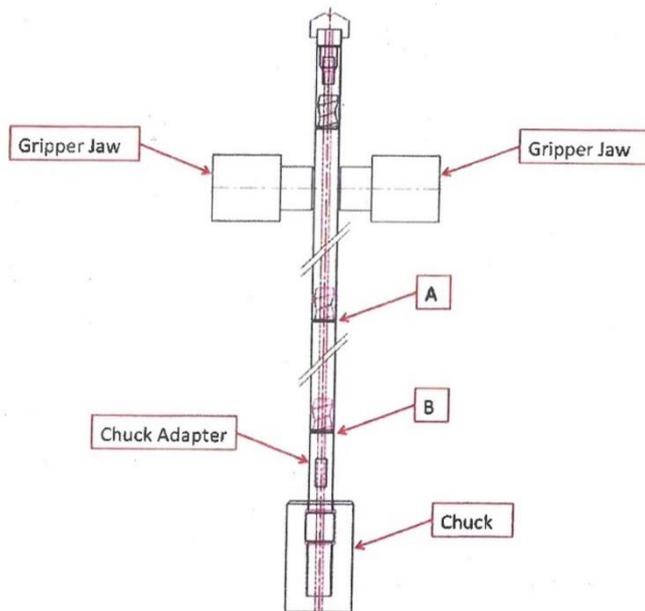
44. In evidence was this diagram of a conventional extension drilling system:



45. In order to remove the extension rod, there are “gripper rods” which will hold the rods in place, thereby allowing the unscrewing of the chuck and thereby adaptor which

²⁸ Sandvik at [20].

receives the first extension rod, until the end adaptor receives the actual drill bit. The following was in evidence:



46. Once the depth required is reached, it is to remove the drill string, which now consists of a number of extension rods connected together.²⁹ In the unscrewing process, one of the threaded locations A or B will unscrew.

47. The Court noted the following relevant to the alleged invention:

Between the gripper jaws and the chuck, there are now *two points of threaded connection* in the string, one between the adaptor and the lower rod (marked “B” in the above diagram) and the second between the lower rod and the rod above it (marked “A” in the above diagram). *When the direction of the rotation of the chuck is reversed, one of those connections will come unscrewed. It may be either of them. The other connection must then be unscrewed manually, using a spanner.* (the Court’s emphasis)

48. The Court also noted the use in Australia of a flushing of water to the drill point to remove debris which would otherwise clog the drill bit.³⁰

49. The Court referred to the specification and the two problems in the existing art:

This invention relates to an extension drilling system, and more particularly, but not exclusively, to extension drilling systems for use on a semi-automatic drilling rig and used to drill holes (bores) in subterranean [sic] mining operations such as coal mining where the structure of the roof of a tunnel is to be rendered more secure by the insertion

²⁹ Sandvik at [35].

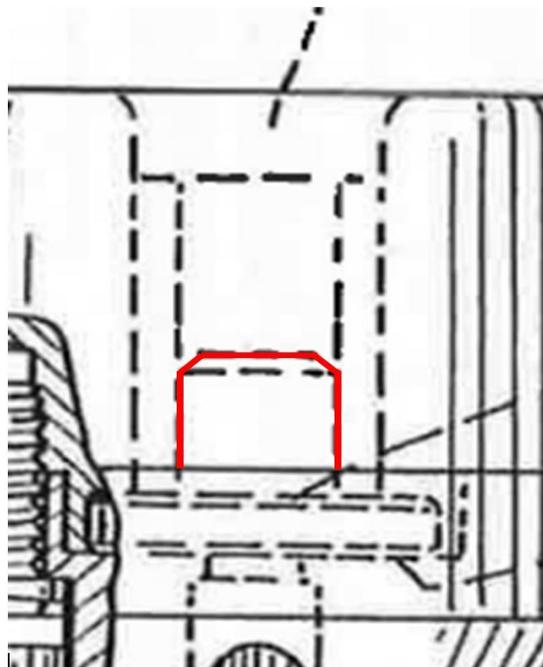
³⁰ Sandvik at [37].

of rock bolts into holes drilled into the roof structure.

The primary problem with conventional drill rods for extension drilling systems, when used with semi-automatic drill rigs is that, when the drill string (a series of drill rods coupled together) are to be uncoupled **there are two threaded couplings between the grippers and the chuck**. As the grippers are operated, and the chuck spun slowly in reverse, **the threaded joint between the drive adaptor and the bottom extension rod can become uncoupled which is undesirable as distinct from the desired uncoupling between the bottom and second bottom extension rods**.

A secondary problem is that the use of a drive adaptor takes up valuable boom height on the rig thus reducing the length of the extension rods that can be used. (the Courts emphasis)

50. One issue involving the best method ground, had to do with the composition surrounding the gripper jaw.
51. Quarry Mining contended before the primary judge that, when Sandvik filed the complete specification for the invention, it did not disclose what was then known to it as the best method of performing the invention.³¹
52. This issue was whether the relevant figure disclosed only a sealing member with a flat washer-type seal, or a sealing member that included both a flat part and an upwardly-extending cylindrical part as shown in the enlarged diagram below (as contended by Sandvik):



³¹ Sandvik at [74].

53. The primary judge considered that Sandvik's description in the relevant figure, Fig 3 was not the best method known to it. The Full Court referred to the primary judge's reasons at [228]:

When the complete specification was filed in May 1998, [Sandvik] had developed, to the detailed technical drawing stage, a sealing member that was better than any described in the specification.³²

54. The sealing member, relevant to the flushing fluid to clear the debris flowing from the drilling was an important aspect of the invention.

55. In this respect the Full Court observed that the primary judge's unchallenged findings were:

- a) Sandvik had developed, at the time of filing the complete specification, a sealing member with upper and lower sections, which was an improvement on a purely horizontal sealing member; and
- b) The specification did not disclose a sealing member with upper and lower sections, but only a horizontal sealing member.³³

56. The primary judge described his evidence in the following passage in [104] of the reasons:

Mr Weaver said that, in the development of the applicants' extension drilling system which became the subject of the Patent, designing of an effective water seal was a real issue which needed to be overcome...³⁴

57. Of that evidence the Full Court said, that:

In light of that evidence, it was certainly open to his Honour to conclude that the use of an adequate water seal was a critical (rather than a minor or incidental) aspect of the best method of performing the invention.³⁵

58. Sandvik submitted that it was not necessary to describe the sealing member because the water seal was not part of the claimed invention.

59. The Full Court rejected that submission, saying:

- a) It was necessary to identify the invention described in the specification as a whole, as distinct from the invention as claimed in the claims.
- b) That even accepting that the water seal was not itself part of the invention described in the specification, the use of an effective water seal was

³² *Sandvik* at [80].

³³ *Sandvik* at [116].

³⁴ *Sandvik* at [119].

³⁵ *Sandvik* at [122].

nevertheless necessary and important to perform the invention (or carry it into effect).³⁶

60. The Full Court in *Sandvik* did not consider that performing the invention was limited to the promise in the Patent for the purpose of best method:

However, we do not think the requirement to describe the best method known to the applicant of *performing* the invention is to be assessed by reference merely to the promise of the invention (in relation to the problem).³⁷

61. The Court took a practical view. The invention was an extension drilling system and the relevant question was whether the specification described the best method known to Sandvik of performing *that invention*.³⁸

Conclusion

62. Understandably, because of its inclusive definition before the *Raising the Bar* amendments, best method could be viewed as an aspect of fully describing the invention:

“[d]isclosure of the best method known to the applicant of performing the invention’ (a subjective notion) is a part of describing the invention ‘fully’.”³⁹

63. The view expressed by *Servier*, cannot now hold, as best method stands as an independently expressed ground.

64. The Full Court (differently constituted) in *Sandvik*, has identified by reference to *Servier*, the most important consideration in relation to best method:

The authorities that have dealt with s 40(2)(a), its precedents and equivalents, must be understood in context. **The first, and most important, factor is the nature of the invention being described and claimed.** *Servier* divides this simply into products and processes but that is not sufficient. **It is necessary to understand the invention itself in order to appreciate what is required of an inventor by way of disclosure in the specification in order to secure a monopoly from the public.** In some cases, the claim to a product will require no description of the method of obtaining it and it can be left to the skilled worker (as in *AMP v Utilux*). In other cases, the product claim, properly understood, will require sufficient directions in order to obtain the monopoly.⁴⁰

(the Court’s emphasis)

Dimitrios Eliades
27 February 2019

³⁶ *Sandvik* at [125].

³⁷ *Sandvik* at [127].

³⁸ *Sandvik* at [127].

³⁹ *Pfizer Overseas Pharmaceuticals & Ors v Eli Lilly & Co* (2005) 225 ALR 416 at [327].

⁴⁰ *Sandvik* at [107] referring to *Servier* at [103].