

# Muddy Waters

## Federal Court considers issues of inventorship and patent entitlement



Disputes about entitlement to an invention have been relatively common in Patent Office proceedings in recent times but it is much less often that one reaches the Federal Court. Recently a Full Court of the Federal Court has had an opportunity to clarify the principles that apply to what has been termed “one of the muddiest concepts in the muddy metaphysics of the patent law”.

The case, *Polwood Pty Ltd v Foxworth Pty Ltd*<sup>1</sup>, involved a patent concerned with the production of plant growth media using waste materials primarily of vegetable origin. The patent included claims to a process and method for producing the media, and also claims to apparatus for implementing the process. It was accepted that Polwood Pty Ltd or persons connected with it (here referred to for simplicity as “Polwood”) had devised the process concept and had disclosed it in confidence to parties connected to Foxworth Pty Ltd (“Foxworth”) who then devised an apparatus to carry out the process. The patent was granted solely to Polwood, however. In the Supreme Court of Queensland, Foxworth had sought (among other things) a declaration that two parties related to it were

the only persons who had entitlement to the patent; Polwood sought a declaration that it had sole entitlement. The trial judge, however, refused to make either of the declarations sought.

Polwood appealed to a Full Court of the Federal Court. In the appeal, Polwood continued to argue that it, solely, was entitled to the patent, whereas Foxworth was prepared to accept that it and Polwood were jointly entitled to the grant.

Central to this case were the criteria that determine inventorship and hence entitlement to a patent. The Full Court restated the fundamental principle that where there is more than one inventor, a patent can only be validly granted to all of them jointly. (The principle must be qualified where there are others who derive entitlement from the inventors, such as by assignment; a patent may only be validly granted to all such persons jointly).

The Full Court applied what is essentially a two-step approach to the determination of inventorship. The first step involves deciding what is the invention disclosed in the patent. The Court rejected the notion that this should be done on a claim-by-claim basis, but instead observed that the invention or inventive concept of a patent or patent application should be discerned from the whole of the specification, including the claims. Although a patent is required to claim only a single invention, the invention may have more than one inventive concept.

The second step in determining inventorship, once the nature of the invention is understood, is to determine who made a contribution to the invention and the nature of that contribution. Not everyone who participates in a new development is necessarily an “inventor” for patent purposes. Nevertheless, the Court observed that inventors’ contributions to an invention do not have to be equal; rather, the issue of inventorship is a qualitative rather than a quantitative one.

In considering the principles that apply to the determination of inventorship, the Court referred with apparent approval to earlier decisions of delegates of the Commissioner of Patents. In particular, the Court noted one delegate’s observation that a person has entitlement to an invention if that person’s contribution, either solely or jointly with others, had a material effect on the final concept of the invention.<sup>2</sup> The Court also noted with apparent approval a delegate’s view that the question to be answered when more than one person had been involved in a new development is whether the invention would have occurred without the second person’s involvement.<sup>3</sup> It seems that these are to be regarded as possible tests of inventorship, though not necessarily the only conceivable ones. In addition to these observations from decisions in Patent Office proceedings, the Full Court also noted the observation made in the Federal Court in an earlier case<sup>4</sup> that rights in an invention are determined by objectively assessing contributions to the invention rather than assessing the inventiveness of respective contributions. That is, it is not necessarily the inventiveness of a person’s contribution that is the determining factor.

It follows from these principles that the fact that a person contributed a feature which is mentioned in one of the claims does not necessarily mean that person is an inventor: it is the nature of the contribution that is crucial. The Court made it clear, however, that entitlement to joint inventorship does not apply to a person who, not being the true inventor, bases the claim on knowledge derived from that inventor.

In the appeal, Polwood had argued that the concept of the process described and claimed in the patent was the only relevant inventive concept, and said that the first model of apparatus, which it accepted was devised by Foxworth, came within the inventive concept that Polwood communicated to Foxworth. The Full Court referred, however, to the finding of the trial judge that Foxworth had exercised inventive ingenuity in devising the apparatus. Since that apparatus was

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included in the broadest apparatus claim, and in the absence of evidence that the process concept was itself sufficient to encompass the apparatus that put the process into practice, each of Polwood and Foxworth was held to be jointly entitled to the patent.

Cases involving issues of inventorship typically turn on their own facts and *Polwood v Foxworth* is no exception. The case is informative, however, in illustrating the analysis involved in applying the particular facts of any case to the general issue of inventorship. It reinforces and tacitly approves the approach to determining inventorship that has been adopted in previous Patent Office decisions, and re-emphasises the importance of discerning from the patent specification as a whole what it is that is said to have been invented.

<sup>1</sup> *Polwood Pty Ltd v Foxworth Pty Ltd* [2008] FCAFC 9 (18 February 2008).

<sup>2</sup> *Row Weeder Pty Ltd v Nielsen* (1997) 39 IPR 400 at 405

<sup>3</sup> *Costa v G R and I E Daking Pty Ltd* (1994) 29 IPR 241 at 246

<sup>4</sup> *JMVB Enterprises Pty Ltd v Camoflag Pty Ltd* (2005) 67 IPR 68 at [132]



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One of Spruson & Ferguson's clients, and the winner of the University of Sydney's 2006 Spruson & Ferguson Intellectual Property Strategy Prize, BioPower Systems Pty Limited, has recently been awarded a \$5 million grant under the Australian Government's AusIndustry Renewable Energy Development Initiative (REDI). The REDI grant will be matched by BioPower to fund a \$10.3 million, two-year project involving the deployment and ocean-testing of the company's wave and tidal current energy converters. The company has also received cornerstone funding from CVC REEF Limited, the Federal Government's Renewable Energy Equity Fund.

BioPower System's ocean power conversion technologies are based on the concept of biomimicry, using biological species as inspiration in engineering design. The bioWAVE wave power system and bioSTREAM tidal power system are visibly reminiscent of sea plants and swimming species. The inventor of these ocean power technologies, BioPower's Chief Executive Officer, Dr. Tim Finnigan, said: "Some of the traits that we observe in large sea plants and fish provide us with clues on how to design machines that will function well in the ocean environment, convert energy efficiently, and survive in the worst storms."

BioPower plans to build and install full-scale, 20-metre prototypes of both its wave and tidal-stream systems, each capable of generating enough power to supply up to 500 homes. BioPower has identified two preferred sites in Tasmania. BioPower has conducted preliminary site investigations at King Island as a location for testing of the bioWAVE, and at Flinders Island as a location for testing the bioSTREAM. At both locations, the company proposes 250kW installations supplying power into Hydro Tasmania's distribution system on the islands. Both islands rely on diesel-fired generators and wind for power supply, so the project could further reduce greenhouse gas emissions through the addition of carbon-free renewable energy.

Spruson & Ferguson extends its congratulations to Tim Finnigan and the team at BioPower Systems on its successes to date and wishes the company well in its upcoming full-scale ocean testing.

Further information on BioPower is available at [www.biopowersystems.com](http://www.biopowersystems.com).

