

A Step Forward

First Case to Deal with the Validity of Innovation Patents Handed Down



In the first case seeking to challenge an innovation patent for lack of innovative step, Spruson & Ferguson's client, Delnorth successfully defended three innovation patents for elastically bendable roadside posts (such as guide posts) formed of sheet spring steel and successfully sued competitor Dura-Post for infringement of these innovation patents.

The case is very important because it is the first to decide what an innovative step is under the amendments made to the *Patents Act 1990* (Cth) which introduced the innovation patent as a new type of patent in 2001 intended to provide patent protection for "lower level" inventions.

The only difference in the patentability requirements between an innovation patent and a standard patent is that an innovation patent requires an innovative step, whereas a standard patent requires an inventive step. The Australian Federal Parliament intended for an innovative step to require a lower inventive threshold than that required for an inventive step.

In the judgment, the trial judge accepted Delnorth's interpretation of the proper construction of s 7(4) of the *Patents Act 1990* (Cth) which sets out the requirement for

innovative step. For the time being, pending the appeal now launched by Dura-Post, the law on innovative step may be summarised as follows:

>> An innovative step will be found if the invention which is claimed differs from the prior art base such that any difference identified in the invention as claimed makes a substantial contribution to the working of that invention. The prior art base includes any single prior publication or public use, no matter how obscure and irrespective of whether or not the prior art formed part of common general knowledge or could be reasonably expected to have been ascertained, understood and regarded as relevant. This means that where a point of differentiation between a claim of the innovation patent and a piece of prior art contributes in a substantial manner to the working of the invention as claimed in the innovation patent, the invention will receive protection even if the difference is obvious to anyone skilled in the field.

>> In assessing whether there is an innovative step the focus is on the contribution to the working of the invention as claimed and not the degree or kind of variation from the prior art. Even though the variation from the prior art might be slight, if a substantial contribution is made to the working of the invention there is an innovative step. The Court was of the view that "substantial" means "real" or "of substance", in contrast to distinctions without a real difference.

In this case, the Court found that the roadside post involved an innovative step over various pieces of prior art. For example, the Court having found that the use of sheet spring steel in the construction of the roadside post made a substantial contribution to the working of the roadside post, all prior art which involved the use of other materials (such as plastic) meant that those plastic guide posts did not impact upon the "innovativeness" of the roadside post claimed in the innovation patents. Similarly, the use of a marker hole, the use of a barb, the use of a taper and the incorporation of longitudinally

extending ribs were found to make a substantial contribution to the working of the roadside posts the subject of the innovation patents. Whilst each of these features were found to have been well known and to have been included in roadside posts before the innovation patents were filed, as none of them has been published together with sheet spring steel in one piece of prior art and each made the necessary substantial contribution, claims incorporating one or more of these features involved an innovative step.

In contrast, a surface coating applied to the front and rear faces of the body of the post claimed in one of the innovation patents was not regarded of itself as making a significant contribution, although there were no claims in respect of which validity hinged on this feature. Certain claims were found to be invalid because an old 1960s US patent ("Pellowski") disclosed all the features of those claims, except the post being a roadside post, the Court appearing to find that the difference between a post adjacent to the roadside (i.e. a roadside post) and a device located on (or in) the surface of the roadway was of no real difference and not sufficient to confer an innovative step.

Subject to the appeal, the Court's decision now provides guidance on the previous uncharted territory of what constitutes an innovative step. The Court has made it quite clear that it does not matter how obvious or clear to a skilled addressee certain features defined in an innovation patent were, a piece of prior art must disclose each of the features making a substantial contribution to the working of the invention as claimed in the innovation patent before it will impact on the question of innovative step.

The filing of innovation patents should be considered in circumstances where it is believed that patent protection would not otherwise be available as a result of an invention only differing from prior art by virtue of well known features. Consideration should also be given to filing an innovation patent application in addition to a standard patent application (by way of a divisional application) for commercially important

Sleeping Easy

Chiropedic Bedding Pty Ltd v Radburg Pty Ltd

inventions that may be subject to attack on inventive step.

A curious result, clearly not contemplated by the Parliament at the time of the inception of innovation patents, is that an invention claimed in an innovation patent may be found to lack innovative step because of an “obscure” piece of prior art but still involve an inventive step because that “obscure” piece of prior art did not form part of the common general knowledge or could not be to be reasonably expected to have been ascertained understood and regarded as relevant by the skilled addressee as required of any prior art relied on for an attack based on lack of inventive step. In fact, this could very well be the case in the Delnorth matter in which the Australian Patent Office’s determination on a pre-grant opposition to a related standard patent, also handled by our firm, may have claims found to be valid as involving an inventive step, even though those claims were found, in the divisional innovation patents the subject of the Federal Court’s decision, to lack an innovative step.



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Chiropedic exhibited their Microcoil Pillowtop Plus mattress at an industry exhibition six days before filing an Australian Design application. The novel feature of the application being the ‘posture top’ of the mattress exhibited.

Following registration, Chiropedic sued Radburg for infringement of the registered Design under the *Designs Act 1906* (Cth). Radburg brought a cross-claim that the posture top lacked novelty on the basis that the industry exhibition was not ‘an official or officially recognised international exhibition’ within the exception provided under s 47 of the 1906 Act.

The industry exhibition was partially funded by the Victorian State Government on various conditions, including that it be open to the general public for at least one day. There were 257 exhibitors, 250 were Australian manufacturers and the balance were from New Zealand.

At first instance, the trial judge found that the exhibition was not sufficiently ‘international’ in character, considering the question qualitatively and quantitatively, and therefore that the exhibition deprived the registered Design of novelty.

The Full Court overturned the decision, holding that it was incorrect to introduce questions of degree when there was no reason not to adopt the dictionary definition of ‘international’. Therefore, the registered Design was found to be novel as the exhibition was an officially recognised international exhibition, but not an official exhibition, within the meaning of s 47 of the 1906 Act.

Section 17 of the *Designs Act 2003* (Cth) (which substantially mirrors s 24 of the *Patents Act 1990* (Cth)) is the approximate equivalent to s 47 of the 1906 Act. However, there are critical differences between those provisions and it is implicit in the decision that this should not automatically be considered indicative of the current law. Nonetheless, with this



decision the Full Court of the Federal Court (comprising the new Chief Justice of the High Court) clearly indicates that the plain words of the statute reign supreme.



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