

INVENTIVE STEP

Proposed changes to the law

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1952 Act and inventive step

- Section 101(1)(e)

A patent may be revoked on the ground that the invention, so far as claimed in any claim, “was obvious and did not involve an inventive step having regard to what was known or used in Australia on or before the priority date of that claim”

- Inventive step tested against CGK only
- Prior art documents could be used only if part of common general knowledge

IPAC and inventive step

⦿ IPAC Proposals

- Prior art base – international except prior use
- Any single disclosure or use should be capable of being viewed in light of the CGK in the relevant field
- CGK to include prior art that would be ascertained understood regarded as relevant by PSA

⦿ Government response:

- Prior art base extended
- Only use single prior art (or limited combination of two) where “ascertained, understood and regarded as relevant”.
- Did not accept proposed “artificial meaning” for CGK

1990 Act – pre amendment

7(2) For the purposes of this Act, an invention is to be taken to involve an inventive step when compared with the prior art base unless the invention would have been obvious to a person skilled in the relevant art in the light of the common general knowledge as it existed in the patent area before the priority date of the relevant claim, whether that knowledge is considered separately or together with either of the kinds of information mentioned in subsection (3), each of which must be considered separately.

1990 Act – pre amendment

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(3) For the purposes of subsection (2), the kinds of information are:

- (a) prior art information made publicly available in a single document or through doing a single act; and
- (b) prior art information made publicly available in 2 or more related documents, or through doing 2 or more related acts, if the relationship between the documents or acts is such that a person skilled in the relevant art in the patent area would treat them as a single source of that information;

being information that the skilled person mentioned in subsection (2) could, before the priority date of the relevant claim, be reasonably expected to have ascertained, understood and regarded as relevant to work in the relevant art in the patent area.

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1990 Act – pre amendment

prior art base means:

- (a) in relation to deciding whether an invention does or does not involve an inventive step:
 - (i) information in a document, being a document publicly available anywhere in the patent area; and
 - (ii) information made publicly available through doing an act anywhere in the patent area; and
 - (iii) where the invention is the subject of a standard patent or an application for a standard patent—information in a document publicly available outside the patent area; and

1990 Act –amendments

- ◎ 2000 amendments:
 - Expanded prior art base – includes use anywhere
 - No real change for examination purposes since use not considered

1990 Act –amendments

- ◎ 2001 bill
 - CGK international
 - PSA international
 - No “ascertained understood and regarded as relevant”
- ◎ 2001 amendments
 - CGK and PSA still limited to patent area
 - Still “ascertained etc” but deleted “relevant to work in patent area”
 - Combination where PSA would combine

1990 Act –amendments

- Overall effect of amendments?
 - For examination purposes, no real change in expanding prior art base to include uses outside Australia.
 - No change to PSA to CGK and no real change to types of single pieces of prior art that could be read with CGK.
 - Slight raising of inventive step threshold in making it easier to combine two documents.
 - Section 7(5) for innovation patents differ...

Getting the balance right

- March 2009
- Proposal to introduce new test for inventive step
- Proposal that CGK no longer limited to Australia in 7(2)
- Proposal to delete “ascertained” from “ascertained understood and regarded as relevant” in 7(3)

Getting the balance right

- ⦿ Proposal to introduce new test for inventive step
 - Introduce test that an **“invention be obvious if it was obvious to try with a reasonable expectation of success.”**
 - Proposal was clearly intended to overcome rejection of the “obvious to try” test in *Alphapharm*

Getting the balance right

- ⦿ *Aktiebolaget Hässle v Alphapharm Pty Ltd*:
 - ⦿ Obviousness is determined by asking whether the PSA with CGK would have taken steps towards the invention "as a matter of routine" in the expectation that they might well produce the invention or some other useful result.
 - ⦿ Essentially the same as for the “obvious to try with a reasonable expectation of success” test that applies in UK, US, Canada... . First part denounced by HC, second part not mentioned.
 - ⦿ Only appropriate for known problems but not where the inventive step lies in identification of the problem.
 - ⦿ IP Australia did not pursue in November 2009 paper

Getting the balance right

- ⦿ Proposal to delete requirement that CGK be confined to that existing in Australia.
- ⦿ Sensible given worldwide knowledge and similar amendment to prior art base.
- ⦿ IP Australia in its November 2009 “Toward a Stronger and More Efficient IP Rights System” continues with this proposal.
- ⦿ However there are some issues not addressed...

CGK broadened

- ⦿ Will it require proving that CGK is international? If so, likely increase in costs with multiple experts - Presumptions may assist.
- ⦿ What happens when CGK is different in different jurisdictions – apply lowest common denominator? average rule? major trading nations?
- ⦿ Is CGK to be that in country where priority document first filed/inventors based?
- ⦿ All this will likely lead to expert shopping and great uncertainty unless dealt with expressly

CGK broadened

- ◉ Presumably the “person skilled in the relevant art” will not be restricted to “relevant art in Australia” but not clear.
- ◉ Will not apply to innovation patents.
 - That is a little odd – especially since the common practice now is for innovation patents to be divided out of standard patents...
- ◉ Not clear how this will effect examination in a practical sense.
- ◉ Some regard the identification of CGK as one of the most problematic areas in examination.

Getting the balance right

- ◉ Proposal to delete “ascertained” from s. 7(3)
 - IP Australia Reasoning:
 - Loss of case by Commissioner where the delegate used “highly relevant and readily understood” US prior art but court found would not have been ascertained.
 - Where there is doubt that the PSA would ascertain the document, evidence would be required to resolve question. Therefore, possibility of additional legal costs
 - No such requirement in UK, US, EPC or Japan.
 - Therefore inventive step threshold too low - follow on innovation is discouraged.

Getting the balance right

- ◉ Proposal to delete “ascertained” from s. 7(3)
 - *Commissioner of Patents v. Emperor Sports:*

“we think it self-evident that it could not be reasonably expected that a Rugby League or Australian Rules coach, referee, umpire or administrator would conduct a search in the United States patent office. Such an expectation would be fanciful rather than reasonable.”

Ascertained - cases

- ◉ *Lockwood v Doric (No 2)* – High Court:
 - s.7(3) test brings to mind Lord Reid's reference to a “diligent searcher” – *Technograph Printed Circuits v Mills & Rockley* [1977]
 - S. 7(3) suggests a person skilled in the relevant art must be familiar with some, but not necessarily every piece of, publicly available information in the relevant art beyond common general knowledge.
 - S. 7(3) information may be different for different claims because the hypothetical PSA needs starts from the problem to be solved.

Ascertained - cases

- *Delnorth v Dura Post* – Patent Office (2009)
 - Opposition to standard patent application.
 - The procedures and routines of the patent office in finding prior art are distinguishable from those of the PSA.
 - Nevertheless, routine steps would have led the PSA to find the prior art documents.

Getting the balance right

- ◉ Problems
 - S 7(3) as it stands reflects the realities of the PSA and inventor. If the document would not ultimately be ascertained, understood or regarded as relevant, it cannot be said to form a useful starting point for the notional PSA.
 - The expanded prior art base will add significant costs to searches and risks in terms of invalid but granted patents – the patent office is likely to continue to use limited searches – “revokers” will leave no stone unturned..
 - Overseas’ position seems to be that a requirement similar to s 7(3) is used in determining s 7(3)

Getting the balance right

- ⦿ How prior art is treated in
 - EU:
 - Requirement for a realistic starting point. “A generically different document cannot normally be considered as a realistic starting point for the assessment of inventive step”
 - US:
 - Where documents which would not have been consulted, for example because they are in a different art field, they can be excluded from an inventive step assessment.

Current IP Australia proposal

- ⦿ Proposal to allow use of all prior art for inventive step
 - Delete requirement that the information be “understood or regarded as relevant”.
 - IP Australia says this will:
 - align with positions in other jurisdictions.
 - reduce costs of opposition since no need to establish “ascertained, understood and regarded as relevant”
 - IP Australia says it will ensure that it must be obvious to the PSA to combine documents with each other or with CGK.
 - Says “understood and regarded as relevant” otiose

Current IP Australia proposal

“With regard to assessing inventive step, the courts have developed a number of tests as indicators of inventive step. These include considering factors such as whether the skilled person would have recognised the relevance of the prior art information to the problem they were seeking to solve and whether they would have understood the directions and teaching provided in that prior art information. These give account to factors such as whether or not prior art documents would have been understood and regarded as relevant as part of the general obviousness inquiry. Given this, the presence of ‘understood and regarded as relevant’ in subsection 7 (3) adds complexity to the provision but contributes little if anything to the outcome of inventive step assessments.”

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Current IP Australia proposal

- How will the Courts treat deletion of the words from s7(3)?
 - Will “understood and regarded as relevant” remain in the assessment of inventive step?
- Higher threshold than trading partners?
 - If any prior art is used, whether relevant or not...
- Susceptibility of granted patents:
 - Is the Patent Office likely to broaden searches?
 - The Patent Office will apply relevance and comprehension test which the courts might not
- Greater costs in advising/litigation
 - Uncertainty requires more care and wider searches

The real problem?

- Fundamental differences in law.
 - Lockwood v Doric (No 2) reiterated:
 - Scintilla of invention enough
 - EU/UK focus on problem solution approach means Australia’s inventive step test lower (or High Court thinks so...)
 - Proposed changes do not deal with those fundamental differences.
- Harmony not being achieved elsewhere.
- Complete adoption of another law?
- More detailed international treaty?