

AN AUTHORITATIVE DECISION FROM THE FULL FEDERAL COURT ON WHAT CONSTITUTES AN INNOVATIVE STEP.

The innovation patent regime was introduced into Australian patent law in 2002 replacing the petty patent system. One characterizing feature of the innovation patent system was that it required an innovative step, as a lesser bar to patentability than the inventive step which is required for patentability of a standard patent.

While the Act sets out a statutory test for innovative step there is no definition per se and the provisions are open to more than one interpretation. In the absence of judicial guidance from the Courts prior to 2008 there was therefore considerable uncertainty on how to apply this test in the absence of judicial guidance from the Courts.

While the use of the innovation patent system has increased progressively since the regime was first introduced in 2002, this lack of judicial guidance has undoubtedly retarded the uptake of the system.

In late 2008 with much anticipation in the IP community, the Federal Court of Australia handed down a decision in *Delnorth Pty Ltd v Dura-Post (Aust) Pty Ltd* which contained the first judicial consideration of what constituted an innovative step

In his decision Gyles J set out the test as follows:

- There is no need to search for some particular advance in the art to be described as an innovative step which governs the consideration of each claim.
- The first step is to compare the invention as claimed in each claim with the prior art base and determine the difference or differences.
- The next step is to look at those differences through the eyes of a person skilled in the relevant art in the light of the common general knowledge as it existed in Australia before the priority date of the relevant claim.

- Thereafter one asks whether the invention as claimed only varies from the kinds of information set out in Section 7(5) in ways that make no substantial contribution to the working of the invention.
- Section 7(4) in effect, deems a difference between the invention as claimed and the prior art base as an innovative step unless the conclusion which is set out can be reached (i.e. the party alleging lack of innovative step bears the onus).
- If there is no difference between the claimed invention and the prior art base, then of course, the claimed invention is novel.

This decision was appealed to the full Federal Court who handed down their decision on 30 June 2009.



STREET ADDRESS

SUITE 2, 18 CAROL AVE
SPRINGWOOD
BRISBANE QLD 4127
AUSTRALIA

POSTAL ADDRESS

PO BOX 1321
SPRINGWOOD QLD 4127
AUSTRALIA

CONTACT

TELEPHONE: +61 7 3808 3566
FACSIMILE: +61 7 3808 7466
EMAIL: mail@ip-gateway.com.au
WEBSITE: www.ip-gateway.com.au

In their decision the Full Federal Court unanimously endorsed Giles J's decision and his analysis of whether there is an innovative step. We understand that there is unlikely to be any further appeal to the High Court in which case this decision will stand as an authoritative pronouncement on the law in this area.

In summary, the test of innovative step is more in the nature of a novelty analysis (features that are different) than a traditional way of evaluating inventive step (is the claim as a whole obvious). Innovative step requires a feature of difference that makes a substantial contribution to the working of the invention.

These decisions make it clear that innovation patents only require a low threshold of inventiveness. They will be considerably harder to invalidate than standard patents and this will be very favorable to the holders of innovation patents.

It is interesting to speculate on whether or not Dura-Post would have succeeded in having a corresponding Delnorth standard patent revoked on the ground of lack of inventive step.

Accordingly, patent applicants should look at filing innovation patent applications, possibly in parallel with standard patent applications, both for low level innovations and high level innovations.

Interestingly the innovation patents in suite in the Delnorth case, *supra*, were divided out of a standard patent application when it was opposed by Dura-Post under the pre-grant opposition procedure that applies in relation to standard patents. No such pre-grant opposition applies in relation to innovation patents.

The realistic deadline for filing an innovation patent application as a divisional application out of a standard patent application is three months after the acceptance of the original standard patent application.

2 July 2009

Wayne Slater
Principal



STREET ADDRESS

SUITE 2, 18 CAROL AVE
SPRINGWOOD
BRISBANE QLD 4127
AUSTRALIA

POSTAL ADDRESS

PO BOX 1321
SPRINGWOOD QLD 4127
AUSTRALIA

CONTACT

TELEPHONE: +61 7 3808 3566
FACSIMILE: +61 7 3808 7466
EMAIL: mail@ip-gateway.com.au
WEBSITE: www.ip-gateway.com.au