Newsletter
Stephens Lawyers & Consultants

August 2009

Innovation Patents Provide Protections Against Imitators

Innovation Patents

The innovation patent system became part of the Australian patent framework in 2001 and was aimed at stimulating small and medium business innovation, by providing a quick, efficient and cost effective means of obtaining protection for new or improved products, methods or processes. The system is designed to provide intellectual property rights for incremental or lower level inventions that would not normally meet the higher 'inventive step' threshold hold of a standard patent. The 'innovative step' requirement for innovation patents demands less ingenuity than the test for standard patents.

Once an innovative patent is examined and certified by IP Australia, it offers the same level of protection in preventing others from copying inventions as a standard patent. However, unlike a standard patent, the protection period is for 8 years, compared to 20.

Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd [1]

The Full Federal Court in *Delnorth* [2] upheld the decision by Justice Gyles at first instance that Dura-Post's roadside-post product, "Flexi-Steel", infringed Delnorth's innovation patents in relation to a competing product, "Steel Flex". The decision defines the threshold test that must be established for a valid innovation patent, with the Court confirming that the 'innovative step' requirement is a less onerous test than the requisite 'inventive step' for standard patents.

The *Delnorth* litigation is the first case where the appellate court has considered the scope of protection offered by the innovation patent system and the requirements for a valid and enforceable innovation patent.

Factual Background

The case involves litigation of three innovation patents (**"Patent 1, Patent 2 and Patent 3**"). At first instance, Patents 2 and 3 were held to be invalid for want of innovative step. Patent 1 was central to the Full Court's analysis; on appeal, Dura-Post challenged Justice Gyles' findings that Patent 1 was valid and, amongst other issues, involved the requisite innovative step.

In 2006, Delnorth filed three innovation patents relating to "Steel Flex", a bendable roadside post comprising of flexible sheet-spring steel. Delnorth began manufacturing "Steel Flex" in August 2006 and instituted proceedings against Dura-Post, claiming that its competitor's product "Flexi-Steel" infringed Delnorth's innovation patents. [3] Dura-Post brought a cross-claim for revocation, claiming that one or more of the patents failed to relate to a manner of manufacture, lacked fair basis, novelty, utility or clarity.

Innovative Step

One of the key issues in the appeal was whether Patent 1 lacked innovative step.

After addressing the relevant legislative provisions and extrinsic material, a framework for determining innovative step was established. Justices Kenny, Stone and Perram held that:

"In determining the issue of innovative step, the legislative provisions just mentioned oblige a Court applying them to consider and, where necessary, identify:

(a) the invention "so far as claimed in any claim";

(b) the "person skilled in the relevant art";

(c) to identify the common general knowledge as it existed in Australia before the priority date; and

(d)….whether the invention (in (a) above) only varied from the kinds of information… in ways that make no substantial contribution to the working of the invention (in (a) above)." [4]

Their Honours upheld the approach of the trial judge, that a "substantial contribution" means "real" or "of substance". [5] Dura-Post submitted that Delnorth's product did not provide a substantial contribution to the working of the invention and that the additional features such as marker holes, used for supporting signage, made no contribution to the advance of the art, namely, the bendability of the spring steel post. [6] In rejecting Dura-Post's argument, the Court held that the question of "substantial contribution" will be answered through a finding of fact, and that Gyles J had not erred in his assessment at trial.

Furthermore, the Court indicated that it will assess 'innovative step', by looking at each claim in the patent individually and then compare it to each prior art document. [7] Their Honours explained the enquiry process that should be following in making such assessment:

1. Compare the invention as claimed in each claims separately with the relevant prior art base; [8]

2. Determine if there are any differences between the invention claimed and the prior art;

3. Assess the differences from the perspective of a person skilled in the art in light of the common general knowledge before the priority date of the relevant claim; and

4. Ask whether the invention makes a substantial contribution to the working of the invention as claimed. [9]

Theoretical Analysis

With respect to criterion *(d)* of the innovative step test, the Court noted that Dixon J's test in *Griffin v Isaacs (1938)* [10] is the standard at which a modified form of the innovative test is to be assessed. Their Honours said that " *the legislature drew on the language"* of Dixon J in framing the test of *"no substantial contribution to the working of the invention" in s 7(4)"*. [11] Relevantly, their Honours further stated:

"The adoption of a modified novelty test deriving from Griffin v Isaacs (1938) 1B IPR 619; 12 ALJ 169 emphasises that s 7(4) requires [that the] threshold for an innovation patent is intended to be lower than for a standard patent…" [12]

Practical Implications for Practitioners and Clients

In light of the Full Court decision, inventors using the innovation patent system should be mindful of the following 'take home' points:

- Analysis of innovative step is a finding of fact; [13]
- A four-criterion approach to determining innovative step has been elicited for future application in lower court decisions; [14]
- The evidence required to satisfy innovative step is a "comparative" one. [15] Specifically, the comparison requires a factual inquiry between the innovation as claimed and the relevant prior disclosure. In effect, this could make the analysis an arduous one in cases where there are numerous prior art items relied upon in the particulars of invalidity. Each item of prior art in suit must be analysed.

Innovation patents are valuable intellectual property assets for businesses, which can be commercially exploited through licensing and other commercial transactions. Inventors should consider protecting their technology with innovation patents when the technology does not satisfy the "inventive step" requirements for a valid standard patent (20 year term).

Innovation patents provide protection against imitators.

Stephens Lawyers & Consultants have a high level of expertise in intellectual property law.

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[1] [2009] FCAFC 81 (30 June 2009).

[2] [2009] FCAFC 81 (30 June 2009).

[3] A discussion of Justice Gyles' decision at first instance is outlined in Stephens Lawyers & Consultants' Newsletter dated September 2008: http://www.stephens.com.au/view/22/20080904130612 .

[4]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [54].

[5]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [74].

[6]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [83].

[7]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [73].

[8] Prior art base is any information in a document publicly available anywhere or information made publicly available anywhere through doing an act.

[9]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [75- 9].

[10]*Griffinv Isaacs* (1938) 1B IPR 619.

[11]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [78].

[12]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [79].

[13]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [85].

[14]*Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd* [2009] FCAFC 81 (30 June 2009) at [54].

[15] Dura-Post (Aust) Pty Ltd v Delnorth Pty Ltd [2009] FCAFC 81 (30 June 2009) at [84].