Submissions on the IP Australia Public Consultation Papers August 2017

Submissions by

Baldwins Intellectual Property

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Introduction

“Baldwins” comprises the patent attorney firm Baldwins Intellectual Property and the law firm Baldwins Law Limited which provides litigation and other legal services. Further information is available on our website at http://www.baldwins.com/firm-profile/.

We submit the following in relation to the Public Consultation Papers.

Amending the inventive step requirements for Australian patents

Part 1: Inventive Step

As a preliminary matter, we wish to provide the following comments on the evolution of assessment of inventive step in Europe and the conclusions that can be drawn from it.

In Europe, the 1982 decision T 24/81 of the EPO’s Board of Appeal led to drastic changes as to how inventive step was assessed by introducing the ‘problem-solution-approach’. This was widely perceived as the first systematic approach to inventive step in a patent office worldwide and has since become a brand label of the EPO. However, Article 56 EPC has remained untouched, including between the transition from EPC 1973 to EPC 2007. Rather than in a legislative change, the new practice was reflected in an adaptation of the EPO’s guidelines for examination and hearings decisions.

Consequently, it is most likely that a modification of section 7 of the Patents Act (legislative change) will not achieve IP Australia’s desired outcomes. A more promising option would be to revise the Examiner’s Manual to require the application of the problem-solution-approach. In Europe, this single test is used consistently at all levels when assessing inventive step, which provides legal certainty and predictable outcomes. Steps should be taken to implement this approach at IP Australia as well.

It may also be useful to consider what the EPO did to increase patent quality in Europe. In its own ‘Raising the Bar’ initiative of 2010, the EPO identified a number of options to achieve higher patent quality as follows (https://www.epo.org/about-us/annual-reports-statistics/annual-report/2008/focus.html):

1. Clarification of the scope of protection sought prior to search (which measure included a limitation of the number of independent claims)
2. Mandatory response to the written opinion issued with the search report
3. One opportunity to file voluntary amendments
4. Mandatory provision of the basis for amendments

Inter alia, these measures result in the search examiner being in the position to do a more comprehensive job (1), which is paramount for patent quality, in encouraging the applicant to reflect his prosecution strategy as early as possible (2), and in reducing the applicant’s options to introduce subject matter at a later stage that has most likely not been searched (3, 4).
Measures (1) to (4) were independent from, and could be implemented without amendment of, Article 56 EPC.

Further literature discussing the EPO’s Raising the Bar initiative and its consequences can easily be retrieved online, see e.g.:


We provide the following comments on Options IS-1 to IS-4 below.

**IS-1: Implement the PC recommendation verbatim**

We submit that the amendment to section 7(2) will have no substantive effect on the threshold of inventive step, and the proposed explanatory memorandum (EM) would reduce certainty as to the definition and assessment of inventive step.

The exact wording of Article 56 EPC is not the foundation for patent quality in Europe, and a revised version of section 7 of the Patents Act will not achieve the desired outcomes with inventive step in Australia.

Any change in the assessment of inventive step would be reliant on an interpretation of Parliament’s intention – by the use of the wording of Art. 56 EPC, and by the proposed EM – to align Australian practice with that of Europe. This is by no means a certain outcome. It is uncertain what the effect on the assessment of inventive step would be, if any, and therefore unclear whether the amendment would achieve the stated policy goals.

The EM’s reference to the ‘obvious to try’ test is unclear and unhelpful. This test is already applied in Australia in certain circumstances (see 2.5.3.3.5 of the IP Australia Examiner’s Manual), and no guidance is given by the EM on whether the test should be applied differently, or what differences exist between the test in Australia and the test in Europe.

The EM’s statement that “a ‘scintilla’ of invention, or a scenario where the skilled person would not ‘directly be led as a matter of course’, are insufficient thresholds for meeting the inventive step” is very problematic. An invention as claimed either has an inventive step or not. The “scintilla of invention” statement has never meant that any advance from the prior art is sufficient for an inventive step; but rather that if an inventive step is present (i.e. something that would not have been obvious to the skilled but unimaginative addressee), then the degree of the inventive step is immaterial: i.e. if the “scintilla of invention” was not obvious, then it is inventive.

The reference to a “scintilla” in the EM in relation to a threshold is a distraction from the actual assessment of inventive step and not helpful. This statement may be interpreted as signalling that the inventive step requirement will not be met by an inventive step
which is “too small”. Inventive step should not be given a quantitative assessment, and in any event we submit that such a scale of inventiveness does not even exist. A system where there are degrees of inventive step, with a threshold set at an unknowable level, would make consistently applying an inventive step test impossible.

**IS-2: Implement Option IS-1 with clarification of the prior art base and interpretation**

Option IS-2 has the problems of IS-1 and we repeat our comments from IS-1.

**IS-3: Implement Option IS-2 with amendments to Section 45 to codify that the Commissioner must determine if an invention is a solution to a technical problem**

Option IS-3 has the problems of IS-1 and we repeat our comments from IS-1.

In addition, the amendment of section 45 to include the requirement for an examiner to report on whether the invention represents a solution to a technical problem distracts from the purpose of the problem-solution-approach as simply a tool for determining inventive step. This should not be a ground of examination, re-examination or opposition in itself.

**IS-4: Enshrine the EPO problem-and-solution approach in the Patents Act**

As noted above, the EPO problem-solution-approach is not enshrined in any European legislation. Enshrining the approach in the Patents Act in Australia could have the effect of crystallising the approach and inhibiting the evolution of law on inventive step, even if the EPO approach continues to develop.

**Part 2: Technical Features**

*What does IP Australia mean by “technical features”?*

It is unclear what meaning is intended by the Consultation Document’s reference to “technical features”. This is an important issue and the intended meaning should be made clear to avoid confusion.

On the one hand, reference to Rule 43 (1) EPC (‘*The claims shall define the matter for which protection is sought in terms of the technical features of the invention*’) by the Consultation Document creates the impression that “technical features” means any feature which contributes to the invention regardless of whether it is novel over the prior art (see, for example, page 12, line 1 of the Consultation Document). The EPC refers to “technical features” in general as the features which contribute to the technical character of the invention and in contrast to “non-technical features”, which are features of the invention which do not interact with the technical subject matter of the claim for solving a technical problem. Non-technical features, ‘as such’, do not provide a technical contribution to the prior art and are thus ignored in assessing novelty and inventive step” (https://www.epo.org/law-practice/legal-texts/html/caselaw/2016/e/clr_i_d_9_1.htm).
On the other hand, the phrase ‘In contrast to the EPO, there is no requirement for the applicant to explicitly set out the ‘technical features’ of the claimed invention that distinguish it from the closest prior art’ in the Consultation Document (page 10, 1st paragraph) suggests that the term ‘technical feature’ refers to the so-called ‘two-part form’ of independent claims in the EPO, cf. Rule 43(1)(b) EPC, in which the first part or ‘preamble’ includes all features which are known from the closest prior art, and the second part or ‘characterising portion’ identifies the ‘distinguishing technical features’, i.e. the features of the invention that establish novelty over a single piece of prior art.

We assume that IP Australia refers to “technical features” as the features which add to the prior art, i.e. the distinguishing features. However, the meaning of “technical features” should be clarified.

“Technical Features” should not be grounds of opposition, revocation, re-examination

Under EPO rules, the absence of the two-part form in the independent claims gives rise to a mere formalities objection. Failure to identify technical features does not form the basis for consequences in pre- or post-grant procedures which are considered in the Consultation Document.

If IP Australia is to implement the “technical features” requirement in claims, it should follow EPO practice. In European practice, the two-part form may be adapted during examination or opposition proceedings in light of the cited prior art, often by the examiner entrusted with the case. This reflects the rather formal nature of the requirement of Rule 43(1)(b) EPC as well as its purpose to help the public identify the core of the invention.

Two-part claims should be for the benefit of the public, not examiners

The recommendation of the Productivity Commission referred to on page10, last paragraph, of the Consultation Document (“Audience for the information”) describes the two-part form as providing the examiner with ‘the information necessary to make an inventive step decision’.

In European practice, the purpose of the requirement of Rule 43(1)(b) EPC is to help the public identify the core of the invention. That is, contrary to the Consultation Document’s recommendation of two-part claims for providing examiners with information on which to make an inventive step decision, the two-part form in Europe serves to help the unskilled reader (from a legal perspective) identify the core of the invention once it is (granted and) published.

We submit that the information necessary to make an inventive step decision by examiners should be gained through a comprehensive search, backed up by technical knowledge and experience, rather than relying on information delivered by the applicant.

Identification of technical features prior to examination is pointless

It is pointless to require applicants to identify the technical features of the claimed invention that add to the prior art before the examiner has informed the applicant of their position on the prior art.
Identification of technical features (i.e. distinguishing features) is dependent on the applicant's knowledge of the prior art and identification of the closest prior art. However, many patent applicants do not conduct a prior art search before filing applications. Even if earlier searching is conducted, new prior art may be found during examination by IP Australia that was not found by the applicant.

Prior art found during examination would require the applicant to revise the technical features earlier identified, and build up his line of argumentation anew, maybe several times during prosecution. The application would be more expensive and time-consuming without adding any benefit.

In addition, if an explanation of non-obviousness / identification of technical features is considered part of the complete specification, chances are that the necessary amendments would in many cases be inadmissible as new matter, resulting in undesirable delay and unnecessary complications of the proceedings.

**Problem-solution approach cannot be used in reverse**

The explanation of why the claimed invention is non-obvious cannot be achieved in a systematic manner. The problem-solution approach can only be used to show that a claimed invention is not inventive over the prior art. Its nature is a negating one. For example, it can easily be shown that there are myriad combinations of (non-pertinent) pieces of prior art that do not render the solution to a particular technical problem obvious, but none of these combinations represent a reliable proof for the presence of inventive step. On the other hand, one single suitable combination of prior art documents may be sufficient to show that the application of a certain solution would have been obvious to the skilled person. Hence, the proposed requirement could lead to the applicants including vague assertions and meaningless standard clauses in their specifications which would turn out to be completely useless for the assessment of inventive step on the side of the examiner.

**Submissions on “TF-3: Assessment by examiner through a separate document requirement”**

This is our least preferred option. For many applications, the separate document will need to be amended during examination, e.g. to address amendments to the claims or cited prior art. This would effectively require the applicant to make submissions in a response to the examiner on inventive step and to make the same comments in the separate document on the technical features. This unnecessarily complicates the prosecution process and adds costs to the applicant.

**Part 3: Transitional arrangements**

The effect of any changes should not be retrospective, and therefore changes to the current practice and legislation should not apply to any applications which have already been filed.

Changes should also not apply to divisional applications with antedated filing dates prior to the commencement of any changes.

Patent applications cannot be amended to include new disclosure after the filing date. Therefore, any requirements which affect how a patent disclosure is examined should
not take effect until after applicants can take account of the requirements in their new applications.

Questions for consultation

P1 – P4

Refer to previous comments.

P5 Does your preferred option under Part 2 (technical features) depend on the option that is chosen for Part 1 (inventive step)? If so, please explain.

No. As discussed above, these aspects should be handled independently as the addressee of the two-part-form is the public, whereas it is the examiner who takes the decision if a solution is to be considered inventive over the prior art.

P6 As noted above, for the purposes of novelty, the Commissioner already disregards features that do not materially affect the way the invention works.¹ Do you foresee any problems with maintaining this approach?

No. This approach follows best practice of other patent offices, including the EPO.

¹ Patents Manual of Practice and Procedure 2.4.8.4