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Case Note - Inventiveness in Lockwood No 2

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Abstract

The High Court entertained three appeals concerned with inventiveness after 2000: *Firebelt Pty Ltd v Brambles Australia Ltd* [2002] HCA 21 (23 May 2002) (relating to a petty patent); *Aktiebolaget Hassle v Alphapharm Pty Limited* [2002] HCA 59 (12 December 2002) and *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* [2007] HCA (23 May 2007) . Alphapharm related to the application of the 1952 Patents Act, but both *Firebelt* and *Lockwood No 2* dealt with the threshold test of inventiveness under the 1990 Act, as it stood before the 2001 amendments. Both concerned combination patents, in *Firebelt* waste removal trucks, and in *Lockwood* rim-mounted door locks with a new mechanical feature.

Keywords

patents, inventiveness

CASE NOTE

INVENTIVENESS IN LOCKWOOD No 2

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Introduction

The High Court entertained three appeals concerned with inventiveness after 2000: *Firebelt Pty Ltd v Brambles Australia Ltd* [2002] HCA 21 (23 May 2002) (relating to a petty patent); *Aktiebolaget Hassle v Alphapharm Pty Limited* [2002] HCA 59 (12 December 2002) and *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* [2007] HCA (23 May 2007)¹. Alphapharm related to the application of the 1952 *Patents Act*, but both *Firebelt* and *Lockwood No 2* dealt with the threshold test of inventiveness under the 1990 Act, as it stood before the 2001 amendments². Both concerned combination patents, in *Firebelt* waste removal trucks, and in *Lockwood* rim-mounted door locks with a new mechanical feature.

The statutory test of inventiveness/non-obviousness is a multi-step one. Before the point of final judgment, a considerable number of subsidiary judgments will already have been made. In relation to each of these, various expert witnesses will usually have given

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¹ A single judgment was handed down in *Lockwood No 2*, per Gummow, Hayne, Callinan, Heydon and Crennan JJ. The invention at issue was a rim-mounted external door lock whose alleged inventiveness lay in the inclusion of an additional element which overcame the problem that some deadlocks made it difficult for a person in a house to exit in a hurry.

² Ie the amendments introduced by the *Patents Amendment Act 2001* which again increased the threshold level, now by allowing individual and separate pieces of prior art information to be combined if the PSA at the relevant time could have been reasonably expected to have done so.

opinions³. As the High Court points out, inventiveness is a question of fact, one 'borne out by the evidence of experts'⁴ and 'also "one of degree and often [...] by no means easy", because ingenuity is relative, depending as it does on relevant states of common general knowledge'.⁵

With the 1990 Act and the more recent amendments the Commonwealth parliament added further intermediate steps to the test in its efforts to increase the threshold for inventiveness.⁶ It has achieved this not by augmenting the degree of inventiveness or ingeniousness that must be demonstrated,⁷ but by increasing the prior art information that can be taken into account when assessing inventiveness, and also by liberalising the manner of its use. Under the 1952 *Patents Act* no regard could be had to anything falling outside 'what was known or used in Australia on or before the priority date [...]' to assess inventiveness.⁸ The concept of the 'common general knowledge' (below: CGK) introduced in the *Patents Act 1990* (Cth) was equivalent to what was 'known and used in Australia'.⁹ Documentation not part of the 'mental equipment of those concerned in the art under consideration'¹⁰ continued to be excluded, and so inventiveness was in the first instance to be judged

³ In *Lockwood*, which concerned a relatively simple mechanical invention, a locksmith, a lock designer, a lock component designer and the inventor of the impugned lock.

⁴ See *Lockwood* at AUSTLII 52, the phrase being there footnoted to *Raleigh Cycle Co Ltd v H Miller & Co Ltd* (1946) 63 RPC 113 at 136 per Lord Greene MR.

⁵ See *Lockwood* at AUSTLII 51, the words in single quotes being there footnoted to two earlier cases as cited at AUSTLII footnote [65].

⁶ This represents an adjustment to 'the balance of policy considerations in patent law of encouraging and rewarding inventors without impeding advances and improvements by skilled, non-inventive persons', see *Lockwood*, at AUSTLII [48]. The footnote attached to this sentence in *Lockwood* refers to Hoffmann LJ at 519 in *Societe Technique de Pulverisation Step v Emson Europe Ltd* [1993] RPC 513.

⁷ Is the 'mere scintilla' of inventiveness that the cases have identified continues to suffice.

⁸ *Patents Act 1952* (Cth), sec 100(1)(e).

⁹ See *Lockwood* at AUSTLII 55.

¹⁰ See *Lockwood* *ibidem*; the phrase in italics is there footnoted to *Lektophone Corporation v SG Brown Ltd* (1929) 46 RPC 203 at 225.

through the eyes of a person skilled in the art, equipped with the 'background knowledge and experience' of all in the trade¹¹.

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However, the 1990 Act wrought a significant change in that, additionally, it permitted some items of information *not* part of the common general knowledge to be considered. It did not go so far as to allow *all* prior art information to be used equating the prior art for inventiveness with that for novelty as in the United Kingdom, but introduced a test for selecting out certain specific items. Only if the Person Skilled in the Art (below: PSA) could reasonably be expected to have ascertained, understood and regarded it as relevant to work in the relevant art in Australia, can an item of prior art information be taken into account. This new selection test was examined in *Firebelt*, the High Court endorsing the construction of the relevant section 7 adopted by Burchett J in *Tidy Tea Ltd*¹² where his Honour stressed that relaxation of the rule prohibiting reliance on prior disclosures not part of the CGK, did not mean that in 'all circumstances such a disclosure might be used to some relevant effect'.¹³ For a party to establish obviousness, a court or decision maker must come to accept that the CGK and the piece(s) of prior art information considered together would have made the invention obvious to the PSA.¹⁴

But only if the trial court decides, as was the case in *Lockwood*, that in the light of the common general knowledge *alone*,¹⁵ a claim is not

¹¹ See *Lockwood* *ibidem*; the words in italics are there footnoted to *Minnesota Mining & Manufacturing Co v Beiersdorf (Australia) Ltd* (1980) 144 CLR 253 at 292 per Aickin J.

¹² *Tidy Tea Ltd v Unilever Australia Ltd* (1995) 32 IPR 405

¹³ *Firebelt* at AUSTLII [36].

¹⁴ It is worth noting in the context of this higher threshold of inventiveness, that in 2000 the Commonwealth parliament also introduced a new second tier monopoly, the innovation patent. It has a lower threshold of inventiveness, slotting in somewhere below the level of non-obviousness for standard patents but above mere novelty. See the *Patents Amendment (Innovation Patents) Act 2000*.

¹⁵ It is logical to take a two step approach, because if the claim is found to be obvious on the basis of common general knowledge alone, there is no further need to embark on the second test.

obvious, is it necessary to determine objectively whether any particular piece of information is of a kind which 'could...be reasonably expected to have [been] ascertained, understood and regarded as relevant to work in the relevant art' (section 7(3)) by a person skilled in the relevant art (section 7(2)). If yes then the question of obviousness is repeated, but this time through the eyes of the PSA armed with the CGK *and* the selected pieces of prior art information.

The High Court held that only public information 'which a person skilled in the relevant art could be expected to have regarded as relevant to solving a particular problem or meeting a long-felt want or need as the patentee claims to have done' can be used.¹⁶ In other words only information relevant *to the particular problem* the invention sought to overcome, rather than all information relevant to the particular art (eg lock designing). Much of the information that could be regarded as relevant to the broader art or specialty is not to be taken into account. The relevancy question is thus a question with real bite and with very selective results¹⁷. But it is of course just the ultimate in the long list of questions that must be addressed before arriving at a resolution of this relatively small part of the overall inventiveness test: what information could the PSA be reasonably expected to have ascertained (eg particular journals within a scientific pursuit; particular products within a trade or technical pursuit, such as lock designing or making); then to have understood; and then to have regarded as relevant to solving the problem etc. That is where this suite of subsidiary questions ended under the pre-2001 version of the Act, which was at issue in *Lockwood*, but under the Act as it now stands will be added the question whether a PSA could be reasonably expected to have *combined* separate pieces of prior art information, and if so the

¹⁶ *Lockwood* at AUSTLII 152.

¹⁷ With the result that the inventive step and relevance-of-prior-art tests tend to run together, particularly in combination patents (as is further explained below). The characterisation of the PSA is often critical – here, for instance, is it a lock designer or a rim-mounted front door lock designer? See the UK case of *Pozzoli SPA v BDMO SA* [2006] EWHC 1398 (Pat); and [2007] EWCA Civ 588 (Judgment of Jacob LJ, Keene & Mummery LJJ concurring).

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impact of the combined items on the inventiveness assessment. How this part of the test will settle remains to be seen.

The High Court points out that the starting point in considering what a PSA would regard as relevant is 'the subject matter of the invention to be considered together with evidence in respect of prior art, common general knowledge, the way in which the invention is an advance in the art, and any related matters'.¹⁸ In relation to the Lockwood combination patent claims, which overcame a known problem by adding an integer to existing home locks, the issue crystallised around the question whether the PSA would have regarded storeroom locks, which did contain the crucial additional integer overcoming the known problem, as relevant to the rim mounted (house door) locks the subject of the relevant claim. The witnesses, despite knowing about them, did not consider storeroom lock mechanisms as relevant to solving the problem overcome by the relevant claim. Therefore the court did not have to go the next step, of combining the further information with the common general knowledge, and again assessing inventiveness through the eyes of the PSA in the light of all that. Nonetheless and hypothetically the High Court did so, and concluded that even in that light it would not have been obvious.

It seems that the ultimate conclusions about relevance of prior art items and about inventive level will often be closely interconnected, certainly in cases of combination patents. If a PSA considered a feature in some other related product or publication relevant, then it would normally follow that the invention taking that information into account was obvious. On the other hand, if the ordinary PSA did *not* consider it relevant it might establish that the inventor who realised that it *was* relevant or adaptable to the resolution of the problem, evinced the kind of ingeniousness or lateral thinking that warrants a finding of non-obviousness. One should be conscious here of the relationship with novelty: what we are interested in by virtue of section 7(3) is information that *although it does not constitute an anticipation*, is still of a kind that discloses some information which would, when imputed to the PSA, render the invention obvious. A publication (whether in documentary form or a related product) that is not an anticipation, ie not the invention itself, but is

¹⁸ *Lockwood* at AUSTLII 153.

still close enough to be considered to tip the balance against inventiveness, will most often contain information which is relevant by analogy, or to a combination invention, such as here, where the ingenuity lies in integrating some element from a different thing or context into an invention.

A Complex Statutory Test

The section 7(3) inventiveness test calls for a substantial number of fine judgments, and causes some duplication and circularity in the application of various standards to the same factual parameters. Outcomes are commonly determined by the uncertain art of fixing the parameters of the problem.¹⁹ The whole exercise complicates patent cases in Australia by requiring evidence about the three issues of what a PSA would have ascertained; understood; and considered relevant.²⁰ The present state of the test reflects the guarded and incremental augmentation of the threshold of inventiveness in Australia in recent years. From this perspective the UK approach provides an interesting contrast. The relevant provision of the United Kingdom Patents Act 1977 is section 3: *An invention shall be taken to involve an inventive step if it is not obvious to a*

¹⁹ One might ask for instance, if the PSA would have ascertained it and considered it relevant, why would it not be part of her common general knowledge. What is the difference between the store room locks not being, on the evidence of the witnesses, part of the common general knowledge, and whether they would have considered the additional information relevant, if the inventiveness lies precisely in the realisation that the additional piece of information is relevant and can be adopted to solve the known problem with external house locks. In other words, whether something would be considered relevant depends on whether the PSA would have the same inventive insight as the actual inventor claims to have had.

²⁰ And section 7(3) still concerns only a small part of the overall inventiveness test; as well, evidence is admissible concerning secondary indicators of inventiveness, or 'secondary evidence', such as long-felt want, commercial success, failure over time by others to solve a known problem, and quick copying of the invention. Note also that the added complication of the 2001 amendments (see above), permitting the combining items of prior art information, will again require further expert evidence, concerning the question whether a PSA could reasonably have been expected to combine those pieces of prior art.

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person skilled in the art, having regard to any matter which forms part of the state of the art by virtue only of section 2(2) above (and disregarding section 2(3) above). Section 2 (2) provides: *The state of the art in the case of an invention shall be taken to comprise all matter (whether a product, a process, information about either, or anything else) which has at any time before the priority date of that invention been made available to the public (whether in the United Kingdom or elsewhere) by written or oral description, by use or in any other way.* Because the prior art for inventiveness is close to the same as for novelty, the inventiveness threshold is higher in the United Kingdom: nothing that is published can be left out of consideration by the application of some section 7(3)-like selection test. Admittedly there is a degree of artificiality about the UK approach, since a person skilled in the art (or 'skilled addressee') is in truth never omniscient about the relevant prior art.²¹ The Australian approach is more closely aligned with the basic notion that the question of inventiveness should be assessed through the eyes of an average worker in the field, with the general knowledge common to those in the field, at the relevant time. This can then be logically addressed by tendering the evidence of expert witnesses alleged actually to be such persons, and thus already armed with the relevant CGK (and then possibly asking them the inventiveness question again, taking into account additional section 7(3) information). The exercise under the UK legislation is by contrast far removed from that starting point. The question is not 'would the typical person active in this field at the relevant time find this step obvious'; it is rather would a person in this field armed with *all* the information that the opponents have been able to dig up, irrespective of the fact that in truth the skilled person could not be expected to have known about it, still find this invention non-obvious. But what the UK approach loses in logic it

²¹ There is an interesting passage in Laddie J's judgment in *Hoechst Celanese Corp v BP Chemicals LTD* [1997] EWHC 370 (see BAILII) about this: *'Furthermore the exercise may well be removed from reality in the sense that the prior art relied on may consist, for example, of a document which none in the art were likely to find. It may be written in a little used language and located in an obscure library. But it is well established law that such a document must be given the same weight in an obviousness attack as any other piece of prior art. The notional man in the art must be assumed to have read and understood it, even if the real man in the art would have done neither.'*

gains in simplicity since it avoids the complexities inherent in the selection test of section 7(3). On its face, it thus also sets a higher standard of inventiveness,²² ensuring that only the more ingenious inventions obtain monopolies, and in particular threatening many combination patents.²³ However, in reality it is difficult to ascertain how much higher the standard is, since under the UK approach as well much of the prior art is in practice filtered out by a relevancy test. It will there be held not obvious to go from one piece of prior art to the invention, if the witnesses say that no person skilled in the art trying to solve the problem at issue would have thought the prior art disclosed anything relevant to the solution of the problem. In *Celanese* the question is put quite simply, in relation to prior art: 'There are two questions which need to be answered: (i) what would the pleaded prior art document convey to the notional skilled man - i.e. what does it mean and promise and (ii) what would be his reaction to it.'²⁴ Relevancy of course will not lie in disclosure of the invention itself, because that will destroy novelty. Rather it will lie in the fact that the prior publication revealed some idea or aspect of a desirable solution to a problem, something adaptable to the problem at hand, or from which the inventive solution can be inferred. The Lockwood invention is a good example.

As well as imposing a problematical selection test, and appearing somewhat circular in many cases, there is some duplication in the

²² Even taking into account the ability to combine pieces of prior art information under the current version of section 7(3). It might be that the post-2001 approach allowing the combining of prior art information if reasonable to the PSA, allows in the UK 'obvious to try'-approach which was rejected in *Alphapharm* (where the 1952 Act applied).

²³ Although that will vary according to the art. It is said to be more likely in simpler forms of invention that the PSA will not have accessed certain journals.

²⁴ See *Hoechst Celanese Corp v BP Chemicals LTD* [1997] EWHC 370 (see BAILII; no page or paragraph reference available). Laddie J found that 'In my view there is nothing in this document which would have encouraged a notional man skilled in the art to try what Dr. Hilton did if he was trying to solve the problem faced by acetic acid manufacturers wishing to supply to VA customers.' In fact the relevant prior art paper that had been put up in the attack, seemed to teach away from the solution the subject of the patent.

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context of section 7(3) between construing the common general knowledge of a person skilled in the art, and selecting piece(s) of information that a person skilled in the art could reasonably be expected to have ascertained, understood and regarded as relevant to the area of invention. This will particularly be so if the publication took place within Australia. If a PSA could reasonably be expected to have ascertained and understood a publication or product, its content would often also come to form part of the common general knowledge. Indeed the trial judge in *Firebelt*, Dowsett J was satisfied that the content of a presentation given at a significant industry conference in Australia was so widely distributed amongst persons skilled in the art that it had *either* passed into the common general knowledge, *or alternatively* been ascertained, understood and regarded as relevant.

Allowing some particular pieces of information *from outside Australia* to be taken into account was a significant motivation for introducing section 7(3) in 1990.²⁵ Such information will less commonly also form part of the common general knowledge than information published within Australia. *KD Kanopy Australasia Pty Ltd v Insta Image Pty Ltd* [2007] FCA 481 is illustrative: the question was whether certain US patents, held not to be part of the CGK, could reasonably have been ascertained by the PSA in the relevant field of art. The PSA was held to be a designer/constructor in the awning, tent and shade structure business, and not per se an engineer.²⁶ In the absence of publications about the art, the PSA was held unlikely to have ascertained (etc.) the US patents.²⁷

²⁵ See the Industrial Property Advisory Committee report *Patents, innovation and competition in Australia*, which paved the way for the 1990 Act, submitted to the Minister for Science and Technology on 29 August 1984.

²⁶ Justice Kiefel made reference to *Commissioner of Patents v Emperor Sports Pty Ltd* (2006) 225 ALR 407, where it was held that in some cases evidence would be required as to what the PSA could have ascertained etc.

²⁷ Note that there were other issues at stake in *Lockwood*. The High Court disagreed with the Full Federal Court's approach to admissions on the face of the specification. The Full Court had accepted that stating in the specification that a problem was well-known (the absence of a mechanism that prevented a person who had entered a house by

Conclusion

Lockwood No 2 highlights the complexity of the present Australian inventiveness test, which results partly from recent amendments concerning the prior art which can be taken into account in applying the test. Australia finds itself somewhere between the traditional 'common general knowledge'-based approach, and the EPC approach which makes no *a priori* distinction between the prior art for novelty and for inventiveness. That means that in Europe there is no statutory selection test of the kind that causes additional complexity in Australian cases considering inventiveness. Whether in practical or result-based terms the difference is all that great is not so clear. If it is not, then it is questionable whether the current selection test based approach in relation to prior art for inventiveness in Australia provides a sufficiently clear advantage in return for the complexity and uncertainty it engenders.

turning the key from outside from being locked inside the house) justified an inference that a solution to the problem was common general knowledge (ie the provision of the mechanism to unlock the internal locking mechanism when an outside key is used to enter into the house). The statement of the problem as a negative (the absence of something) was treated as equivalent to the statement of the positive as the solution to the problem (the presence of that thing), where the claims consisted of a statement providing for the thing whose absence had been identified as a problem. Certainly the approach of the Full Federal Court seemed unconvincing, and it is as well that the High Court addressed its approach on a principled level. As to admissions concerning inventiveness in the specification then, the High Court said that their impact was in every case to be weighed up as a matter of fact. Everything turns on the definition of the problem here: the broader it is stated the more obvious the solution will seem. If the problem is correctly stated, in my view, that existing locks could cause persons to be dangerously or inconveniently locked into a house, then the particular solution is not obvious. If it is stated as how to unlock the internal lock when using a key to undo the external lock, then the answer 'by providing an interconnecting mechanism' may indeed seem obvious. There were some further issues too.