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Mr Jeff Carl  
Secretariat  
Advisory Council on Intellectual Property  
IP Australia  
PO Box 200  
WODEN ACT 2606

Dear Mr Carl

**Review of the Innovation Patent System – Options Paper**

On behalf of FICPI Australia, we make the following comments and observations in connection with the Options Paper entitled “Review of the Innovation Patent System”.

We note that FICPI Australia has previously commented on this ACIP review. We attach our submissions of 25 October 2012 for reference. FICPI Australia continues to hold the views expressed in these submissions.

Mr Charles Berman of our organisation attended the ACIP roundtable discussions at Sydney recently. At that meeting a number of questions were posed. These questions reflect the issues raised in the Options Paper and we therefore provide our submissions in the context of the questions posed at the roundtable meeting. In turn, our comments on these questions are as follows:

**Question 1: Are innovation patents protecting inventions that would not otherwise be protected by standard patents or other IP options?**

Yes, but that is the entire purpose of the innovation patent system, i.e. to protect inventions which do not meet the inventive step threshold of the standard patent system and which would not be able to be meaningfully protected by way of a registered design.

**Question 2: Commercial benefit – Are innovation patents delivering commercial benefits for applicants?**

It is difficult to categorise whether or not the innovation patent system per se is delivering commercial benefits but there is no doubt that a certified innovation patent is an enormously beneficial commercial tool for the registered proprietor. This is particularly as a result of the difficulty in invalidating a certified innovation patent as a result of decisions such as those in the Dura-Post case. There is evidence that business entities (not only Australian SMEs) are using the innovation patent system as an important part of their arsenal in an attempt to gain a competitive advantage in the market place. FICPI Australia is of the view that, in general, this is a positive development which is to be encouraged but

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would support some more rigorous interpretation of the innovative step requirement by the courts as expanded on below with reference to question 5 below. As FICPI Australia has also previously submitted, the existence of the innovation patent system is of benefit for SMEs or individuals seeking funding where such funding is dependent on the applicant for the funds having some sort of registered IP. The existence of the innovation patent system provides a very useful, commercially beneficial avenue for applicants seeking funding to finance their ventures.

**Question 3: Option A: No change – Is there a compelling need to reform the system right now? Can you provide any evidence that supports your answer?**

FICPI Australia's view is that there is no compelling need to make wholesale reforms to the system right now especially in view of the recent entering into force of the Raising the Bar Act (the "RTB" Act). With the change of the innovative step test to include common general knowledge outside the patent area and other changes brought about by the RTB Act, there is a possibility that the level of innovative step required to sustain an innovation patent may be raised. FICPI Australia is of the view that the changes brought about by the RTB Act should first be given an opportunity to work through the system before major changes to the innovation patent system are contemplated.

**Question 4: Option B: Abolish the system – Are there compelling reasons to abolish the innovation patent system**

FICPI Australia does not support abolishing the system and strongly believes that there is a place in Australia for the protection of inventions having a lower threshold of inventiveness or inventions in certain technology areas where an 8 year term provides a satisfactory period of protection. At least at the round table discussion hosted by ACIP in Sydney on 12 September 2013, not one of the attendees was in favour of the total abolition of the innovation patent system.

**Question 5: Option C: Level of innovation – Should the level of innovation be raised? If so, to what level and how can this be accomplished?**

FICPI Australia continues to take the view that the narrow test enunciated in the Dura-Post decision is at odds with the original intention that the innovative step test would largely mirror the expanded novelty test expressed by Dixon J. in *Griffin v. Isaacs*. Whilst it is now clearly not the case that the *Griffin v. Isaacs* test is applicable in assessing novelty, FICPI Australia does consider the test to be suitable, when applied as intended, for testing innovative step.

In paragraph 5.6.2 of the Options Paper it is stated correctly that FICPI Australia has suggested a test of assessing the substantial contribution question against the relevant prior art. It is stated in the Options Paper that it is "not entirely clear how this would differ in practice from the existing test".

A simple hypothetical example demonstrates the clear difference between the current Dura-Post test and the test under *Griffin v. Isaacs*.

Imagine an innovation patent with a claim defining a new container/cap combination where the cap is releasably connected to the container through the co-operation of a circumferential rib on the inside surface of the cap with a corresponding groove located on the outside surface on the neck of the container. Similarly, imagine that the only relevant and closest prior art is for a similar container where the cap is releasably connected to the container, in which the inside surface of the cap, has a circumferential groove shaped and positioned to co-operate with a rib on the neck of the container.

Applying the Dura-Post test, the difference between the prior art and the claimed invention is the rib on the cap and the groove on the container. These features are not disclosed by the prior art. Under Dura-Post, once the difference is identified, the only remaining question is whether that

difference contributes to the working of the thing. Plainly, the respective groove and rib make a substantial contribution to the working of the container/cap combination as such, and thus the claim would be good.

Under the *Griffin v Isaacs* test, the difference is not considered in isolation. The question is whether the difference makes a substantial contribution to the working of the thing, when compared to the prior art. Assuming for the moment, for the purposes of this hypothetical example, that there is no other advantage that flows from placing the rib on the container as opposed to having it on the cap, a court applying the *Griffin v. Isaacs* test, would find no innovative step, as the changing of the respective locations of the rib and groove make no substantial contribution to the working of the combination, when compared to the prior art.

This different approach becomes particularly important when the closest prior art is a prior use. Imagine, for example, that the claimed invention requires A to be connected to B. If the prior art is a prior use where A is connected to B using adhesive X, then under the Dura-Post test, a claim to A connected to B with an adhesive other than adhesive X will have an innovative step. This is regardless of whether other adhesives covered by the claim are known alternatives to adhesive X. This arises because the adhesive is the difference between the claimed invention and the prior art, and when looking at the claimed invention itself the adhesive makes a substantial contribution to the working of the thing i.e. it secures A to B. Under the *Griffin v. Isaacs* test, the claimed invention would not have an innovative step if the different adhesives claimed were known and acceptable alternatives to adhesive X and had the same functional effect, i.e. the different adhesive would make no substantial contribution to the working of the thing when compared to the prior art.

As it currently stands, FICPI Australia is of the view that the innovative step test in most circumstances does not impose any additional hurdle beyond novelty.

Accordingly, FICPI Australia continues to take the view that the Act should be amended to clarify that the substantial contribution test be assessed against the prior art.

**Question 6: Option C: Remedies -Should the remedies for infringement be adjusted to allow for the lower level of innovation inherent in an innovation patent? If so, how and why?**

As previously submitted, FICPI Australia believes that relief from infringement should continue to include both injunctive relief and compensation. FICPI Australia notes that certain submissions were in favour of abolishing injunctive relief as a remedy. FICPI Australia strongly disagrees with this viewpoint as Australian SMEs and individuals could be adversely affected by such a decision. It is not difficult to imagine a major competitor of an SME/individual swamping the market and the proprietor of the innovation patent would then only be able to seek a compensatory remedy while his/her market has been destroyed.

FICPI Australia does stand by its original proposals which we believe are worth considering:

- Damages/accounts of profits only being calculated from the date of requesting examination or even after certification of the innovation patent;
- Reducing the term of any injunctive relief available for a period equal to the delay in the patentee requesting examination of the innovation patent; and/or
- That the patentee not be entitled to additional damages pursuant to section 122(1A).

**Question 7: Option C: Should the scope of the monopoly protection be reduced or otherwise limited? If so, how and why?**

FICPI Australia does not favour changing the scope of the monopoly protection obtained. Once again FICPI Australia's view is that no changes be contemplated until we see how the RTB Act changes matters.

**Question 8: Option C: Processing of applications – Should the processes for granting an innovation patent be changed? If so, how and why?**

FICPI Australia supports some changes to the processing of innovation patent applications. FICPI Australia understands that one of the perceived problems with the innovation patent system is the large number of self-filed applications where it is extremely difficult, if not impossible, to determine what the scope of protection is or even what the applicant is seeking to protect. FICPI Australia's view is that this problem can be ameliorated to an extent by a more rigorous formalities check. FICPI Australia understands that this may require the intervention of an Examiner from IP Australia getting involved at an earlier stage but it may overcome the problem of there being a large number of incomplete or insufficient innovation patents being on the register.

**Question 9: Option C: Name of right – Is the current name for a granted innovation patent confusing?**

There has been some discussion about having different names for an uncertified innovation patent and a certified innovation patent to cure the mischief of a holder of an uncertified innovation patent alleging that he /she is the holder of a "patent". While FICPI Australia foresees difficulties in enforcing such a change in nomenclature, FICPI Australia would be willing to support such an initiative. For example, FICPI Australia would support a legislative requirement that an uncertified innovation patent be described as such, and that there be a prohibition in promoting a patented invention by reference to the term "innovation patent" until such time as the patent was certified.

**Question 10: Option C: Education -Should other communication channels be used to inform Australian individuals/SMEs about the innovation patent system? If so, which ones?**

FICPI Australia believes that IP Australia could play a leading role in educating the public about the existence and the benefits of the innovation patent system. FICPI Australia would be more than willing to encourage its members to participate in a co-ordinated campaign to educate the public but is of the view that IP Australia is the most appropriate entity to co-ordinate the campaign.

**Question 11: Option C: Exclusions - Are there compelling reasons to exclude other patentable subject matters from the innovation patent system? If so, which subject matters and why?**

FICPI Australia opposes measures to exclude otherwise patentable subject matters from the innovation patent system. As previously submitted, the subject matter of an innovation patent is still required to meet the manner of manufacture threshold and considers the tests formulated under manner of manufacture are sufficient to deal with inappropriate applications. Also, the higher level of utility required under the RTB Act will also go some way to excluding inappropriate applications.

**Question 12: Option C: Access - Should measures be taken to limit access to the innovation patent system? If so, what measures and why?**

FICPI Australia strongly opposes restricting or limiting access to the innovation patent system and is of the view that such a step would be in breach of our obligations under international treaties and bilateral agreements.

**Question 13: Other comments**

FICPI Australia favours the retention of the innovation patent system in particular in the light of the more onerous requirements involved in obtaining a standard patent in the light of the changes brought about by the RTB Act. FICPI Australia believes that the changes made by the RTB Act should be given an opportunity to be implemented and believes that, as a result of these changes, there is a good chance that some of the problems perceived to be effecting the innovation patent system will disappear.

We welcome an opportunity to discuss these proposals and our comments at any convenient time.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Greg Chambers', with a long, sweeping horizontal flourish extending to the right.

Greg Chambers  
President  
FICPI Australia