

LOCKWOOD SECURITY PRODUCTS PTY LTD v DORIC PRODUCTS PTY LTD (S226/2006)

Court appealed from: Full Court of the Federal Court of Australia

Date of judgment: 8 December 2005

Date of grant of special leave: 16 June 2006

Lockwood Security Products Pty Ltd (“Lockwood”) manufactures and sells door locks. It is the registered proprietor of Australian Patent No. 702534 (“the Patent”). This is in respect of an invention described as a ‘key controlled latch’. Doric Products Pty Ltd (“Doric”) also carries on business manufacturing and selling door locks. The Patent’s invention arose out of a problem with doors that had one lock on the outside and one on the inside. Such doors could not be opened without a key and this was potentially dangerous. The Patent overcame this problem by proposing that the external operation of the key (or other actuator such as a handle) would simultaneously unlock the internal handle.

In October 2000 lawyers for Lockwood sent letters to Doric (and others) in which they asserted that one or more of Doric’s products had infringed the Patent. Doric responded by commencing proceedings under section 128 of the *Patents Act* 1990 (Cth) (“the Act”) seeking a declaration that such threats were unjustifiable. It also sought injunctive relief and damages. Doric further denied that its products had infringed any valid claim of the Patent.

On 21 December 2001 Justice Hely rejected Doric’s submission that the claims of the Patent were invalid due to obviousness. He also rejected their arguments concerning sufficiency, utility and uncertainty. His Honour did however find that each of Lockwood’s claims 1 to 32 were invalid on one of two fair basis grounds. This left claim 33 as the only valid claim, but it was not contended that Doric had infringed it. Justice Hely ordered that claims 1 to 32 of the Patent be revoked. He also dismissed Lockwood’s cross-claim alleging infringement. His Honour did however grant a stay of that judgment.

The major issue before the Full Federal Court was whether the correct fair basis test pursuant to section 40(3) of the Act had been applied. If Justice Hely’s finding was overturned, Doric’s products would have infringed Lockwood’s claims 13, 14, 15, 20 and 30. On 7 March 2003 the Full Federal Court (Wilcox, Branson & Merkel JJ) upheld Justice Hely’s decision that claims 1 to 32 were not fairly based. Their Honours did not disturb Justice Hely’s other findings and they offered no view as to obviousness. Following a grant of special leave to appeal to this Court, the Full Court (Gleeson CJ, McHugh, Gummow, Hayne & Heydon JJ) upheld Lockwood’s appeal on 18 November 2004. Their Honours ordered, inter alia, that Orders 1 and 2 of the Full Federal Court’s orders dated 7 March 2003 be set aside. They further declared that claims 1-32 of the Patent were fairly based and that the remainder of the matter be remitted to the Full Federal Court.

On 8 December 2005 a differently constituted Full Federal Court (Heerey, Sundberg & Bennett JJ) dismissed the remainder of Lockwood's appeal.

Their Honours ordered that, pursuant to Order 1 made by Justice Hely on 19 March 2002, only claims 1-6, 12 & 31-32 of the Patent were revoked due to a lack of novelty. They also ordered that claims 1-6, 12-15, 20-21 & 30-32 of the Patent be revoked for a lack of an inventive step. The Full Federal Court also stayed the operation of these orders, a stay that has been extended by this Court until further order.

The grounds of appeal include:

- The Full Court erred in finding that claims 1-6, 12-15, 20, 21, 30, 31 and 32 of the Patent lacked an inventive step.
- The Full Court erred in finding that claim 1 (and dependent claims) lacked an inventive step on the basis of an implied corollary admission said to have been made in the specification of the Patent and without evidence in support of such a finding.
- In finding that claims 1-6, 12-15, 20, 21, 30, 31, and 32 of the Patent lacked an inventive step, the Full Court erred by failing to distinguish between the distinct grounds of invalidity of lack of inventive step (which had been pleaded) and lack of manner of manufacture (which had not been pleaded).

Judgment in this appeal was reserved on 7 September 2006. In December 2006 the Court invited the parties to file further written submissions and the appeal is re-listed for further hearing.