

HIGH COURT OF AUSTRALIA

BRENNAN CJ,
GAUDRON, McHUGH, GUMMOW AND KIRBY JJ

ADVANCED BUILDING SYSTEMS
PTY LIMITED & ANOR

APPELLANTS

AND

RAMSET FASTENERS (AUST) PTY LIMITED

RESPONDENT

*Advanced Building Systems Pty Limited v Ramset Fasteners(Aust) Pty
Limited (S19-1997) [1998] HCA 19
26 March 1998*

ORDER

- 1. Appeal allowed with costs.*
- 2. Orders of the Full Court of the Federal Court set aside.*
- 3. Matter remitted to the Full Court for determination of the remaining grounds of appeal to that Court and, if necessary, the redetermination of the cross-appeal to that Court.*

On appeal from the Federal Court of Australia

Representation:

A J L Bannon SC with H R Sorensen for the appellants (instructed by Astridge & Murray)

R C Macaw QC with D M Yates for the respondent (instructed by Davies Ryan De Boos)

Notice: This copy of the Court's Reasons for Judgment is subject to formal revision prior to publication in the Commonwealth Law Reports.

CATCHWORDS

Advanced Building Systems Pty Limited & Anor
v Ramset Fasteners (Aust) Pty Limited

Patents - Revocation - Whether an "invention" within meaning of Act - Relationship between obviousness and lack of novelty - Meaning of "inventive merit".

Patents Act 1952 (Cth), s 100.

Introduction

1 Standard Patent No 544832 ("the Patent") was issued under the *Patents Act* 1952 (Cth) ("the Act") to a United States corporation, The Burke Company ("the second appellant"), and was sealed on 28 October 1985. The term of the Patent was 16 years commencing on 27 August 1981. The basic application had been filed on 23 October 1980 and it is that date which provides the priority date by which questions of novelty and obviousness of the claims are to be assessed. By registered assignment dated 22 November 1990, the second appellant assigned the Patent to Advanced Building Systems Pty Limited ("the first appellant").

2 The invention claimed in the Patent relates to hoisting attachments and methods for erecting prefabricated concrete walls on building sites. There are two claims defining the invention. The second is narrower than the first. It is unnecessary for the issues which arise on this appeal to set out their text.

3 In proceedings instituted in the Federal Court of Australia, the appellants alleged that Ramset Fasteners (Aust) Pty Limited ("the respondent") had infringed the claims of the Patent by the selling or supplying by way of hire of two lift systems for tilt-up walls. The components of these systems were described as the "Ramset Frimeda Rapid Lift System" and the "Ramset Face Lift Tilt Up System" ("the Ramset systems").

4 The appellants also alleged that the respondent had failed to inform its customers that the use of components of the Ramset systems might infringe the Patent. This failure was alleged to constitute misleading or deceptive conduct within the meaning of s 52 of the *Trade Practices Act* 1974 (Cth) ("the Trade Practices Act"). By its defence, the respondent denied infringement and contravention of s 52 of the Trade Practices Act. The respondent also cross-claimed, claiming each of the two claims of the Patent to be invalid and seeking revocation.

5 Part XI of the Act (ss 99-107) deals with the revocation and surrender of patents and Pt XIII (ss 113-124) with infringement. A defendant in an infringement action may, without presenting a petition under Pt XI, apply by way of counterclaim for revocation (s 115). The grounds of revocation are specified in s 100 which is set out later in these reasons.

6 The Act was repealed by s 230 of the *Patents Act* 1990 (Cth) ("the 1990 Act"). On 30 April 1991, the repeal effected by s 230 of the 1990 Act took effect and the 1990 Act commenced. However, the proceedings in the Federal Court

were instituted prior to 30 April 1991. The trial judge (Hill J) held, by reference to reg 23.26(1) of the Patents Regulations (Cth)¹, that the 1990 Act had no application to the litigation, the issues in which were to be determined by reference to the earlier law. There has been no challenge to that ruling and the issues which arise on this appeal concern the construction of the 1952 statute rather than its replacement.

7 Hill J delivered two judgments. In the first, delivered 23 April 1993², his Honour held that the respondent failed on its cross-claim for revocation. In the second, delivered 13 April 1995³, his Honour held that the infringement case against the respondent failed but that it had contravened s 52 of the Trade Practices Act. Hill J granted the appellants injunctive relief under that statute but held that the first appellant had failed to make good its damages claim.

8 The respondent appealed to the Full Court of the Federal Court. The appellants cross-appealed, principally against the rejection by Hill J of their damages claim under the Trade Practices Act. The Full Court (Lockhart, Beazley and Sackville JJ) allowed the appeal and dismissed the cross-appeal⁴. In place of the orders made by Hill J, the Full Court ordered that the appellants' application be dismissed and the Patent be revoked. Thus there were no issues of infringement left for determination. The basis for an award of damages under the Trade Practices Act was removed and the cross-appeal was dismissed because the claim for damages depended on the validity of the Patent. The Full Court did not consider all of the grounds of alleged invalidity. That of obviousness or lack of an inventive step, based upon s 100(1)(e) of the Act, had been abandoned at the commencement of the trial before Hill J. This had great significance for the

1 Regulation 23.26(1) of the Patents Regulations provides:

"The 1952 Act applies to an action or proceeding made or started under that Act and not finally dealt with or determined before the commencing day:

(a) in which the validity of a patent is disputed; or
(b) concerning infringement of a patent."

2 *Advanced Building Systems Pty Ltd v Ramset Fasteners (Aust) Pty Ltd* (1993) 26 IPR 171.

3 *Advanced Building Systems Pty Ltd v Ramset Fasteners (Aust) Pty Ltd* [1995] AIPC ¶91-129.

4 *Ramset Fasteners (Aust) Pty Ltd v Advanced Building Systems Pty Ltd* (1996) 66 FCR 151.

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conduct of the appeal to the Full Court. It removed from consideration any objection to validity that the combination claimed in claims 1 and 2 of the Patent did not involve an inventive step and so lacked subject-matter.

- 9 With respect to anticipation or lack of novelty, Hill J had held that none of the prior publications relied upon by the respondent was sufficient to make out the case under s 100(1)(g) of the Act that, on the priority date of the claims, 23 October 1980, the invention was not novel in Australia⁵. The Full Court did not consider the ground of appeal disputing the trial judge's dismissal of the case based on lack of novelty. Rather, it determined the appeal and ordered revocation, on the footing that the respondent had made out its case under s 100(1)(d) that the invention claimed was not an invention within the meaning of the Act⁶.

Novelty and obviousness

- 10 In *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd*, Windeyer J observed that the distinction between lack of novelty (s 100(1)(g)) and obviousness (s 100(1)(e)) was "logically precise" and continued⁷:

"When want of novelty was asserted, the thing or process claimed as an invention was assumed to be an invention that is the product of the inventive faculties; but it was said that it was not now at the date of the patent, having been earlier invented and disclosed to the public. When want of subject matter, or lack of inventiveness, was asserted the thing or process claimed as an invention was assumed to be a new thing or process not previously disclosed to the public; but it was said that it was not really an invention and thus not a proper subject matter for the grant of a patent."

5 *Advanced Building Systems Pty Ltd v Ramset Fasteners (Aust) Pty Ltd* (1993) 26 IPR 171 at 184-188.

6 *Ramset Fasteners (Aust) Pty Ltd v Advanced Building Systems Pty Ltd* (1996) 66 FCR 151 at 168.

7 (1961) 180 CLR 98 at 111.

Later, in giving the judgment of this Court in *Wellcome Foundation Ltd v V R Laboratories (Aust) Pty Ltd*, Aickin J explained that⁸:

"the question of obviousness involves asking the question whether the invention would have been obvious to a non-inventive worker in the field, equipped with the common general knowledge in that particular field as at the priority date, without regard to documents in existence but not part of such common general knowledge".

- 11 Some but not all of the grounds of revocation under the Act are also grounds of opposition to grant of a standard patent, for which provision is made in s 59. The opportunity for opposition arises after advertisement of acceptance by the Commissioner of the application for a standard patent and complete specification (s 52). Acceptance is preceded by an examiner's report (s 48). The matters upon which the examiner reports are less extensive than those which arise at the later stages of opposition to grant and application for revocation of grant. Lack of novelty (or prior publication) appears at all three stages (ss 48(3)(b) and (e), 59(1)(e) and (h), 100(1)(g)) but obviousness (or lack of inventive step) only at the second and third (ss 59(1)(g), 100(1)(e)). Further, s 166(2) imposes a specific requirement for the provision of particulars of an allegation of previous publication or user. This serves to illustrate the point, which is important for this appeal, that whatever may previously have been the case, under the Act there is a "fundamental difference" between novelty and obviousness⁹.

Combination claims

- 12 Each of the claims in the Patent is for an apparatus which comprises a combination of elements or integers. In *Welch Perrin & Co Pty Ltd v Worrel*¹⁰, this Court (Dixon CJ, Kitto and Windeyer JJ) considered the validity of a patent for an invention for a mechanical hay rake. Referring to the specification, their Honours said¹¹:

"It was not seriously disputed that it is for a combination, in the sense that word bears in patent law. That is to say, what is described is a machine, the elements of which are all well known and simple mechanical integers, but

8 (1981) 148 CLR 262 at 270.

9 *Graham Hart (1971) Pty Ltd v S W Hart & Co Pty Ltd* (1978) 141 CLR 305 at 330.

10 (1961) 106 CLR 588.

11 (1961) 106 CLR 588 at 611.

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combined so that they are not a mere collocation of separate parts, but interact to make up a new thing."

This notion of a "new thing" includes a new result, "that is, a new way of achieving an old purpose or the fulfilment of a new purpose"¹², and "a new combination of features to obtain an improved result"¹³. The significance of the exclusion of a "mere collocation of separate parts" appears from the statement by Aickin J in *Minnesota Mining and Manufacturing Co v Beiersdorf (Australia) Ltd*¹⁴ that it is "the interaction" between the integers which is "the essential requirement". It is this which supplies the inventive step and denies an allegation of lack of subject-matter in the case of a valid combination patent.

The appeal

- 13 The issue in this Court is whether the Full Court, in purported reliance upon par (d) of s 100(1), strayed into consideration of issues that would have arisen if the ground of revocation in question had been obviousness (par (e)) which had not been before Hill J, and lack of novelty (par (g)), which it itself had put to one side. If the appellants are successful, it is accepted that the consequence would be that the matter would be returned to the Full Court for its consideration of the remaining issues on the appeal. If the result was that the validity of the Patent was upheld, it would be necessary for the Full Court to consider the merits of the cross-appeal which it had dismissed as a consequence of the decision that the Patent was invalid.

12 *Palmer v Dunlop Perdriau Rubber Co Ltd* (1937) 59 CLR 30 at 67. See also at 71-75.

13 *Meyers Taylor Pty Ltd v Vicarr Industries Ltd* (1977) 137 CLR 228 at 249.

14 (1980) 144 CLR 253 at 266.

The Statute of Monopolies

14 Section 6 of the Act contains the definition:

"'invention' means any manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies, *and includes an alleged invention*". (emphasis added)

A definition in similar terms had been contained in s 4 of the *Patents Act* 1903 (Cth) ("the 1903 Act") and that in turn followed the definition in s 46 of the *Patents, Designs, and Trade Marks Act* 1883 (UK) ("the 1883 Act"). The phrase "and includes an alleged invention" is directed to the inquiry at the stage of examination of an application before the decision as to acceptance¹⁵. The present case involves revocation after grant.

15 The Act defines the word "invention" by reference to "the established ambit" of s 6 of the *Statute of Monopolies* 1623 (Eng) (21 Jac I c 3) ("the Statute of Monopolies")¹⁶. This statute severely restricted the prerogative power to grant monopolies but the proviso thereto contained in s 6 formed the basis of subsequent development of patent law. In Australia, the right question under the 1952 statute is¹⁷:

"Is this a proper subject of letters patent according to the principles which have been developed for the application of s 6 of the *Statute of Monopolies*?"

So far as relevant, s 6 stated:

"That any Declaration before-mentioned shall not extend to any Letters Patents and Grants of Privilege for the Term of Fourteen Years or under, hereafter to be made, of the sole Working or Making of any Manner of new Manufactures within this Realm, to the true and first Inventor and Inventors of such Manufactures, which others at the Time of Making such Letters Patents and Grants shall not use, so as also they be not contrary to the Law,

15 *Rogers v Commissioner of Patents* (1910) 10 CLR 701 at 706, 708, 713; *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 245-246.

16 *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 269.

17 *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 269.

nor mischievous to the State, by raising Prices of Commodities at home, or Hurt of Trade, or generally inconvenient: The said Fourteen Years to be accounted from the Date of the first Letters Patents, or Grant of such Privilege hereafter to be made, but that the same shall be of such Force as they should be, if this Act had never been made, and of none other."

Revocation

16 Section 86 of the 1903 Act had provided that, whilst no proceeding by way of *scire facias* was to be taken to repeal a patent, every ground on which a patent might at common law be repealed by *scire facias* was to be available as a ground of revocation. This continued in operation the existing common law¹⁸. In the period between the enactment of the Statute of Monopolies and legislative activity in the second half of the nineteenth century, notably by the 1883 Act, the development of the law had been left to the courts with few interventions. As time passed the courts had elaborated various grounds on which revocation could be sought¹⁹. In particular, obviousness or lack of inventive step, which in the 1952 Act has statutory recognition as a distinct ground of invalidity in s 100(1)(e), did not emerge until a series of decisions in the nineteenth century²⁰. In *American Cyanamid Company (Dann's) Patent*²¹, Lord Reid pointed out that a provision²² in like form to s 100 of the Act replaced the flexibility of the common law with a statutory code.

17 The common law with respect to revocation had developed before the introduction of claims as now understood and before the introduction of a modern system of examination of applications before acceptance. The letters patent were granted upon petition and *scire facias* lay to repeal the grant if made upon "false

18 *Minnesota Mining and Manufacturing Co v Beiersdorf (Australia) Ltd* (1980) 144 CLR 253 at 289.

19 *American Cyanamid Company (Dann's) Patent* [1971] RPC 425 at 435-436.

20 *Wellcome Foundation Ltd v V R Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262 at 272.

21 [1971] RPC 425 at 436; cf *Biogen Inc v Medeva plc* [1997] RPC 1 at 31-32, 41-42. See also the discussion by Aickin J in *Minnesota Mining and Manufacturing Co v Beiersdorf (Australia) Ltd* (1980) 144 CLR 253 at 289-291.

22 *Patents Act* 1949 (UK), s 32.

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representations". This was a technical expression. The operation of the system in England in 1846 was described as follows²³:

"The material particulars respecting an alleged invention for which a party seeks to obtain a patent, must, as has already been observed, be stated in the petition for the patent. The petition must therefore state, that the petitioner is the inventor or importer of the invention, and that the invention possesses the qualities of novelty, utility, &c, so as to be the proper subject of a grant by patent. The substance of the petition for a patent is always recited in the patent itself, and therefore the patent itself shows upon what representations of the patentee it has been granted; and if the patentee has represented any thing which was untrue in any material particular, or has induced the Crown to make an illegal grant, the patent is entirely void."

18 So far as presently material, s 100 of the Act provides:

"(1) A standard patent may be revoked, either wholly or in so far as it relates to any claim of the complete specification ... on one or more of the following grounds, but on no other ground:

(a) that the applicant was not a person entitled to apply for the patent, so far as the invention is claimed in any claim of the complete specification ...;

...

(d) that the invention, so far as claimed in any claim of the complete specification ... is not an invention within the meaning of this Act;

(e) that the invention, so far as claimed in any claim of the complete specification ... was obvious and did not involve an inventive step having regard to what was known or used in Australia on or before the priority date of that claim;

23 Hindmarch, *A Treatise on the Law Relating to Patent Privileges*, (1846) at 378 (footnotes omitted). See also Carpmael, *The Law of Patents for Inventions*, 5th ed (1852) at 115-116; *Prestige Group (Australia) Pty Ltd v Dart Industries Inc* (1990) 26 FCR 197 at 198, 213-218.

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- (f) that the invention, so far as claimed in any claim of the complete specification ... is the subject of a valid claim of earlier priority date contained in the complete specification of a standard patent ...;
- (g) that the invention, so far as claimed in any claim of the complete specification ... was not novel in Australia on the priority date of that claim;
- (h) that the invention, so far as claimed in any claim of the complete specification ... is not useful;

...

- (k) that the patent was obtained on a false suggestion or representation;
- (l) that the invention, so far as claimed in any claim of the complete specification ... was secretly used in Australia before the priority date of the claim;

...

(2) For the purposes of paragraph (1)(e) or (g), account shall not be taken of any secret use.

(3) For the purposes of paragraph (1)(l), account shall not be taken of any use of the invention, so far as claimed in any claim -

- (a) for the purpose of reasonable trial or experiment only; or
- (b) by a department or authority of the Commonwealth, or of a State or Territory, or by a person authorized by such a department or authority, where the patentee, or a person from whom he derives his title, has communicated or disclosed the invention, so far as so claimed, to the department, authority or person."

The judgments in the Federal Court

- 19 The primary judge considered three advertisements published in Australia before the priority date and concluded in respect of each of them that it did not amount to an anticipation, that is to say, it did not render either claim of the Patent not novel in Australia on the priority date. His Honour identified the alleged anticipations as the Burke advertisement, the Frimeda advertisement and the RFA Systems advertisement in the English *Concrete Year Book* of 1980. Further, in the

Complete Specification for the Patent under the heading "Description of the Prior Art", upon which the patentee claimed inventive improvements, it was stated:

"The type of hoisting attachment with which the present invention is concerned is shown in US patent 3,883,170."

20 As we have indicated above, the Full Court's judgment proceeded upon the basis of the abandonment at the trial of the allegations of obviousness and put to one side the issue whether the primary judge had erred in rejecting the case for invalidity based on the alleged anticipations²⁴. Upon that footing, the Full Court nevertheless decided that the claims in the Patent did not have the "inventive merit" which, in the Full Court's view, was required for an invention within the meaning of the Act. It followed that the Patent was revoked under s 100(1)(d). In considering whether the invention claimed in the Patent was an "invention" within the meaning of s 100(1)(d), the Full Court said²⁵:

"In our view, for the reasons we have given, it is necessary to take into account the publications in Australia before the priority date. These are as follows:

- (a) the advertisement inserted by Burke into a United States publication;
- (b) the Frimeda advertisement in a 1977 German publication; and
- (c) the advertisement which appeared in *The Concrete Year Book* 1980, an English publication ...

Once these publications are taken into account, we agree with his Honour's conclusion that the invention claimed in the Australian patent involved no inventive step.

A combination patent may be valid even if each integer, when considered separately, is well known; but in that case the combination itself must be new".

21 The use of the phrase "inventive step", which appears in par (e) of s 100(1), would suggest that the Full Court was revoking the Patent for obviousness. That

24 *Ramset Fasteners (Aust) Pty Ltd v Advanced Building Systems Pty Ltd* (1996) 66 FCR 151 at 169.

25 (1996) 66 FCR 151 at 167.

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was not open to the Full Court in the light of the conduct of the trial. In any event, there was no finding by the Full Court that the three publications which it said it had "taken into account" had, as to any one or more of them, entered into the body of common general knowledge in Australia, with the result that the combinations claimed in the Patent lacked any inventive step. Such a finding would have been necessary if the Full Court were to order revocation of the Patent under s 100(1)(e) of the Act.

22 The Full Court also spoke in the above passage of the need for the combination to be "new", but the issue of novelty had been put aside. The Full Court referred to authorities²⁶ which, in truth, deal with inventiveness and subject-matter, that is to say, with obviousness rather than novelty. The Court continued²⁷:

"All the integers of the Australian invention had previously been revealed in the US patent and in publications in Australia. This leads to the conclusion that there is no new combination in the Australian patent. It is not a true combination patent; but a mere collocation of well-known integers.

It follows that the clutch as claimed in the Australian patent was not a manner of new manufacture at the priority date, and thus is not capable of supporting the validity of the Australian patent. There is no inventive merit beyond what was already publicly known. There is therefore no invention for the purposes of s 100(1)(d) of the Act."

23 The phrase "inventive merit" requires consideration because it appears to have been determinative of the conclusion that there was no invention.

24 It is no objection to the validity of a patent granted under the Act that it is commercially impracticable; its utility depends upon whether, by following the teaching of the complete specification, the result claimed is produced²⁸. Inutility,

26 *Welch Perrin & Co Pty Ltd v Worrel* (1961) 106 CLR 588 at 611; *Minnesota Mining and Manufacturing Co v Beiersdorf (Australia) Ltd* (1980) 144 CLR 253 at 266; *Elconnex Pty Limited v Gerard Industries Pty Limited* (1991) 32 FCR 491 at 509-510; *Fallshaw Holdings Pty Ltd v Flexello Castors and Wheels plc* (1993) 26 IPR 565 at 570.

27 (1996) 66 FCR 151 at 168.

28 *Lane Fox v Kensington and Knightsbridge Electric Lighting Company* [1892] 3 Ch 424 at 430-431.

for which s 100(1)(h) of the Act provides, was not a ground on which revocation was sought in the Full Court.

25 Further, "an invention which comes to a man by a happy flash of inspiration or without any prolonged experiment or thought may be as good a subject-matter of a patent as one which has only been arrived at after long and difficult experiments"²⁹, and a valid patent might be obtained under the Act "for something stumbled upon by accident [or] remembered from a dream"³⁰ if it otherwise satisfied the requirements of the legislation.

26 The expressions "inventive merit" and "appreciable merit" appear to have come into use during the development in the last century of modern patent law. The notion of "merit" was used by the courts³¹ and by commentators, including Fletcher Moulton³², to express what under the Act is conveyed by the principles concerning novelty and, more frequently, inventive step. By the beginning of this century, it had no distinct and independent doctrinal meaning: it was used sometimes in reference to subject-matter, sometimes in reference to novelty. The phrase invites error through imprecision of legal analysis.

The construction of s 100 of the Act

27 The primary question on this appeal is whether the Full Court erred in construing s 100(1) of the Act by treating par (d) thereof as having, on the case as then presented to the Full Court, and independently of pars (e) and (g), an operation which imported some elements in the requirements of novelty and an inventive step.

29 *Longbottom v Shaw* (1891) 8 RPC 333 at 337.

30 *Wellcome Foundation Ltd v V R Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262 at 286.

31 For example, *Harwood v Great Northern Railway Co* (1860) 2 B & S 194 at 208 [121 ER 1044 at 1050]; *Penn v Bibby* (1866) 2 Ch App 127 at 136; *Hinks & Son v Safety Lighting Co* (1876) 4 Ch D 607 at 615-616; *Longbottom v Shaw* (1891) 8 RPC 333 at 338; *Lane Fox v Kensington and Knightsbridge Electric Lighting Company* [1892] 3 Ch 424 at 429. See also *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 263.

32 *The Present Law and Practice Relating to Letters Patent for Inventions*, (1913) at 19. See also Edmunds, *The Law and Practice of Letters Patent for Inventions*, 2nd ed (1897) at 89-95.

- 28 In *Welch Perrin & Co Pty Ltd v Worrel*³³ and *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd*³⁴, both cases arising under s 100 of the Act, an allegation of invalidity was made on the ground that the invention as claimed was not an invention within the meaning of the Act because it was not a manner of new manufacture within the definition of invention in s 6 of the Act³⁵. This allegation was supported by particulars of prior publications which were then also relied upon to support separate allegations of obviousness and lack of novelty. In each case, consideration was given to these prior publications in connection with the claims of lack of novelty and obviousness, with no separate consideration of the allegation that there was no manner of new manufacture. In *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd*, Windeyer J said³⁶:

"As to the first of the abovementioned objections, namely that there is no invention within the meaning of the Act, this objection throws one back to the definition of 'invention' in the Act, which in turn takes one back to all the learning that has gathered around the words 'manner of new manufacture' in the Statute of Monopolies. But the particulars of objections allege as the reason why there is no invention here, that the alleged invention 'did not involve any inventive ingenuity in the light of the prior art as disclosed by prior publications hereinafter referred to'. It thus appears from the particulars, and it was made clear by the argument, that the matters that are relied upon to support this head of objection are those that are raised by the other two heads, namely obviousness (s 100(1)(e)) and want of novelty (s 100(1)(g)). It is therefore unnecessary to consider this head of objection separately in this case."

- 29 The appellants submit that that was the appropriate course, as a matter of law as well as practice, which should have been followed by the Full Court in the present case. They contend that the Full Court erred in not first considering whether the prior publications relied upon by the respondent anticipated the claims in the Patent.

- 30 It becomes necessary to construe s 100. First, s 100(1) is an exhaustive statement of the grounds of revocation of a standard patent. The words "on no

33 (1961) 106 CLR 588.

34 (1961) 180 CLR 98.

35 The particulars of objection in *Welch Perrin & Co Pty Ltd v Worrel* are set out in the report: (1961) 106 CLR 588 at 589-590.

36 (1961) 180 CLR 98 at 111.

other ground" indicate the legislative decision to foreclose the scope for development that was left open by the reference to *scire facias* in s 86(3) of the 1903 Act.

31 Secondly, as Windeyer J recognised in *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd*³⁷, with respect to novelty and obviousness, in a particular case grounds of revocation may overlap. For example, a prior publication may both sufficiently disclose the invention as to anticipate it, and have entered the fund of common general knowledge so as to deny the presence of an inventive step in the patent in suit for the purposes of s 100(1)(e) of the Act.

32 Thirdly, a number of the grounds specifically isolated in s 100(1) are derived from judicial decisions upon the old procedures for revocation. The provision in par (k) for revocation on the basis that the patent was obtained "on a false suggestion or representation" is an example. The ground of inutility (par (h)) is another. It was developed in decisions construing the phrases "mischievous to the State ... or generally inconvenient" in s 6 of the Statute of Monopolies³⁸.

33 Likewise the requirement of s 100(2) that, in dealing with obviousness (par (e)) and lack of novelty (par (g)), account not be taken of any "secret use" reflects the older case law. In *Longworth v Emerton*, a case arising under the 1903 Act, this Court applied in favour of the inventor the principle derived from cases dealing with s 6 of the Statute of Monopolies³⁹ that⁴⁰:

"[a]lthough if an invention is practised openly or made known publicly before an application for a patent is made, the patent if granted will be void, the law has long made a qualification in favour of user which is experimental or secret."

It will be observed that s 100(2), which requires that account not be taken of any secret use for the purposes of the grounds dealing with obviousness and lack of novelty, removes secret use from what otherwise might have been its relevance to any further grounds upon an application for revocation. In particular, s 100(2) assumes that issues of obviousness and lack of novelty are extracted by pars (e) and (g) of s 100(1) from what otherwise may have been their inclusion (by means

37 (1961) 180 CLR 98 at 112-113.

38 *Elias v Grovesend Tinplate Company* (1890) 7 RPC 455 at 467.

39 Notably, *Cornish v Keene* (1835) 1 Web Pat Cas 501 at 512.

40 (1951) 83 CLR 539 at 548.

of par (d)) in the general concept of invention within the ambit of s 6 of the Statute of Monopolies. Novelty and obviousness are dealt with specifically and exhaustively in pars (e) and (g). There remains no scope for the doctrine of secret use, as a qualification to obviousness and novelty, in par (d), and in s 100(2), no occasion to refer to par (d).

- 34 What then was left to provide the doctrinal content of par (d)? Section 6 of the Statute of Monopolies excluded any manner of new manufacture which was "contrary to the Law" or "generally inconvenient". The classification of certain methods of treatment of the human body as an inappropriate subject for grants under the Act appears to rest on this footing⁴¹. Further, it has long been established that "a clear distinction will be drawn between the discovery of one of nature's laws, and of its application to some new and useful purpose"⁴². Whilst discovery adds to the sum of human knowledge, s 6 of the Statute of Monopolies is concerned with a manner of new manufacture. Thus, in *Neilson v Minister of Public Works, NSW*, Isaacs J, speaking of a discovery which might be applied in the improved treatment of sewage, said⁴³:

"Assuming, therefore, the idea is original that the best conditions are fermentation short of putrefaction, still without some practical means of carrying out that idea so as to add to the sum of human art - not merely human discovery - the idea is not patentable."

On the other hand, "manufacture" in s 6 is not restricted to vendible processes or their products and may include agricultural and horticultural processes involving the selective use of herbicides⁴⁴.

- 35 However, these matters did not touch the present litigation as it stood in the Full Court. The phrase "inventive merit" appears to have led the Full Court into an assumed construction of s 100(1)(d) which was at odds with the structure of s 100 and diverted it from consideration of the question (obviousness having been

41 *Joos v Commissioner of Patents* (1972) 126 CLR 611 at 623. See also as to the phrase "generally inconvenient" *Rolls-Royce Ltd's Application (Manner of Manufacture)* [1963] RPC 251 at 255.

42 Carpmael, *The Law of Patents for Inventions*, 5th ed (1852) at 34.

43 (1914) 18 CLR 423 at 429.

44 *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 277-279.

abandoned) of whether any other prior publications destroyed the novelty of either or both of the claims of the Patent.

Philips v Mirabella

36 Nothing decided in *N V Philips Gloeilampenfabrieken v Mirabella International Pty Ltd*⁴⁵ requires any different result on this appeal. The Full Court referred to *Philips*⁴⁶. However, this Court should accept the submission by the appellants that *Philips* is not determinative of this appeal.

37 In that case, revocation was sought under s 138(3)(b) of the 1990 Act. This is significantly different in structure from s 100 of the 1952 statute⁴⁷. The grounds of revocation in s 138(3) of the 1990 Act do not distinguish obviousness and novelty as the 1952 Act does by creating particular grounds to which the special qualification in s 100(2) applies. Rather, s 138(3)(b) of the 1990 Act, by incorporating the definitions of invention in s 18(1)⁴⁸ and of patentable invention

45 (1995) 183 CLR 655.

46 (1996) 66 FCR 151 at 165, 166-167, 169.

47 Section 138(3) states:

"After hearing the application, the court may, by order, revoke the patent, either wholly or so far as it relates to a claim, on one or more of the following grounds, but on no other ground:

- (a) that the patentee is not entitled to the patent;
- (b) that the invention is not a patentable invention;
- (c) that the patentee has contravened a condition in the patent;
- (d) that the patent was obtained by fraud, false suggestion or misrepresentation;
- (e) that an amendment of the patent request or the complete specification was made or obtained by fraud, false suggestion or misrepresentation;
- (f) that the specification does not comply with subsection 40(2) or (3)."

48 Section 18 provides:

"(1) Subject to subsection (2), a patentable invention is an invention that, so far as claimed in any claim:

in Sched 1 of that Act, imports the elements which are found separately in s 100(1) of the 1952 Act. Again, the "prior art base" specified in s 18 is a concept not found in the 1952 Act and is defined in Sched 1 as including information in a publicly available document.

- 38 *Philips* came on appeal to this Court on a grant of special leave confined to the construction of s 18(1)(a) of the 1990 Act⁴⁹. But it was decided upon a construction of the introductory words of s 18(1), namely "a patentable invention is an invention that"⁵⁰. Reference to the definition of "invention" in the Dictionary which constitutes Sched 1 to the 1990 Act was held to have imported into the introductory words the requirement that a manner of new manufacture for the purposes of the Statute of Monopolies should appear on the face of the specification⁵¹. However, the judgments gave some consideration to the old law which applied before and under the previous statute. Under that law, as the doctrine with respect to obviousness and lack of inventive step developed in the nineteenth century, it was decided that a claim for "nothing but" a new use of an

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- (a) is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies; and
 - (b) when compared with the prior art base as it existed before the priority date of that claim:
 - (i) is novel; and
 - (ii) involves an inventive step; and
 - (c) is useful; and
 - (d) was not secretly used in the patent area before the priority date of that claim by, or on behalf of, or with the authority of, the patentee or nominated person or the patentee's or nominated person's predecessor in title to the invention.

(2) Human beings, and the biological processes for their generation, are not patentable inventions."

49 (1995) 183 CLR 655 at 656.

50 (1995) 183 CLR 655 at 663, 666.

51 (1995) 183 CLR 655 at 663-664.

old substance lacked the quality of inventiveness⁵². There also were instances in which this lack of inventive step was admitted on the face of the specification. If so, a grant might properly be refused in the first instance on the footing that the admission of the lack of an inventive step itself disentitled the applicant to argue that even an alleged invention was disclosed⁵³. If such an application had proceeded to grant, the grant would be liable to revocation under s 100(1)(e).

- 39 In *Philips*, the appellant failed in its attempt to establish that although a claimed use was nothing but a new use of an old substance this could still be a proper subject of letters patent under the 1990 Act where this character of the claimed use was apparent on the face of the specification⁵⁴. Rather, Brennan, Deane and Toohey JJ decided that⁵⁵:

"if it is apparent on the face of the specification that the quality of inventiveness necessary for there to be a proper subject of letters patent under the *Statute of Monopolies* is absent, one need go no further".

It was unnecessary to adduce evidence of the prior art base and to compare the invention claimed with the prior art base for the purposes of s 18(1)(b) if the absence of inventiveness appeared on the face of the specification⁵⁶. Their Honours also said that⁵⁷:

52 *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 251; *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 262. See also *Elias v Grovesend Tinplate Company* (1890) 7 RPC 455 at 468; *Henry Berry & Co Pty Ltd v Potter* (1924) 35 CLR 132 at 138-140, 141-142; Fletcher Moulton, *The Present Law and Practice Relating to Letters Patent for Inventions*, (1913) at 25-37.

53 *In the Matter of an Application for a Patent by Compagnies Reunies des Glaces et Verres Speciaux du Nord de la France* (1930) 48 RPC 185 at 188; *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 250. See also *R v Patents Appeal Tribunal; Ex parte Swift & Co* [1962] 2 QB 647 at 661.

54 (1995) 183 CLR 655 at 663.

55 (1995) 183 CLR 655 at 664.

56 (1995) 183 CLR 655 at 659.

57 (1995) 183 CLR 655 at 667.

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"it would border upon the irrational if a process which was in fact but a new use of an old substance could be a 'patentable invention' under s 18 if, but only if, that fact were not disclosed by the specification".

- 40 The present case is not in that category of cases, considered in *Philips*, where the lack of an inventive step appears on the face of the specification. It concerns the validity of combination claims in the light of prior publications. It will be recalled that the Full Court went beyond the text of the specification and placed decisive weight upon the disclosures in the Burke advertisement, the Frimeda advertisement and the RFA Systems advertisement in the *Concrete Year Book* of 1980. In that respect, the Full Court was in error in considering under the ground of revocation in s 100(1)(d) matters that could have arisen under other grounds, namely obviousness and lack of novelty, but which either did not arise or were put to one side.

Orders

- 41 The appeal to this Court should succeed and the matter should be remitted to the Full Court of the Federal Court. The Full Court should determine the remaining grounds of appeal and, depending upon that outcome, re-determine the cross-appeal. The appellants should have their costs of the appeal in this Court. The costs of the proceedings in the Full Court should await the ultimate determination of all the issues before that Court.

42 KIRBY J. These proceedings necessitate an examination of the requirements for patentability. The relevant facts and the principal findings of the courts below are set out in the reasons of the majority. It is unnecessary for me to repeat them.

43 It is worth making some general observations about the approach to the statutory provisions which I regard as applicable:

1. Patent legislation is not interpreted in a vacuum. The task of this Court is to construe the legislation. However, where there is an ambiguity, it may sometimes be useful to turn to pre-existing judicial law to help resolve the ambiguity. This is because the legislation includes "all the stereotyped pleas long familiar in patent practice which have now been given statutory recognition"⁵⁸.
2. Legislation for the grant of patents necessarily involves striking a balance between competing, and sometimes conflicting, policy objectives. The Industrial Property Advisory Committee in its 1984 report on patents expressed well the general objective to be attained⁵⁹:

"Patents are intended to stimulate ... innovation by offering the possibility of greater profits than could have been obtained if open competition existed. But the benefits gained from innovation fostered by the existence of the patent system must be balanced against the costs to society caused by the restrictions which patents place upon the use of the inventions to which they relate. For while the purpose of the patent system is to provide an incentive to innovation, patents also create entry barriers which prevent or retard the diffusion of innovation by imitation; that is to say, a patent confers a degree of monopoly power which has inherent anti-competitive effects. It has both social benefits and social costs."

Exactly where the balance lies between the benefits and costs is determined by the legislature in the terms of the Act. However, this Court cannot be unaware of the implications of changes in the world in which patent law operates. By raising the barriers to patentability, there is a risk that Australian entrepreneurs will be discouraged from research and development in new

58 *The Mullard Radio Valve Co Ltd v Philco Radio and Television Corporation of Great Britain Ltd* (1936) 53 RPC 323 at 339 per Lord Macmillan.

59 Industrial Property Advisory Committee, *Patents, Innovation and Competition in Australia* (1984) at 12.

technology. If the barriers are raised too far, there is a further risk that Australia's standing and the reputation of its market will be diminished in the eyes of the international community where patent law operates. Yet lowering the threshold has its own dangers - chief among them being the possibility that Australia's patent system might be misused as an instrument to secure and protect a particular market share, relevantly where no invention or novel claim has earned that protection.

3. Whilst, for the reasons explained by the majority, this case is to be decided under the *Patents Act* 1952 (Cth) ("the 1952 Act"), the Court's holding is unlikely to be confined to decisions under the 1952 Act. It is true that there are some structural differences between the 1952 Act and the *Patents Act* 1990 (Cth) ("the 1990 Act"). Nevertheless, it is clear that the 1990 Act was not enacted with the general intention of significantly altering the Australian law on patents. From a comparison of the text of the two Acts, and a consideration of the second reading speeches⁶⁰ and the explanatory memorandum⁶¹ which preceded the 1990 Act, it is evident that the general legislative objective in enacting the 1990 Act was substantially to clarify and codify the law and not significantly to amend it. In particular, as the majority in this Court said in *NV Philips Gloeilampenfabrieken v Mirabella International Pty Ltd*⁶²:

"[T]he combination of s 18(1)(a) of the 1990 Act and Sch 1 thereto (where it defines 'invention') continues in force the notion of 'manner of new manufacture' present in s 100(1)(d) of the 1952 Act."

Grounds of appeal

- 44 As the majority have pointed out in this appeal, the grounds of objection to the validity of the patent in suit had narrowed somewhat by the time the appeal

60 Second Reading Speech, House of Representatives, *Parliamentary Debates* (Hansard), 1 June 1989 at 3479-3483 (esp 3483); Second Reading Speech, House of Representatives, *Parliamentary Debates* (Hansard), 10 October 1990 at 2565-2567. Because of a legislative backlog, the Bill lapsed when the Parliament was prorogued and then dissolved for the March 1990 election. The Bill was subsequently reintroduced.

61 Senate, *Patents Bill 1990. Explanatory Memorandum* (1990) at pars 1-6.

62 (1995) 183 CLR 655 at 668, quoting with approval from Lockhart J in the Full Court. See (1993) 44 FCR 239 at 263.

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came before the Court. In the course of the litigation, the following challenges were abandoned, rejected or put to one side:

1. A challenge on the grounds of obviousness was abandoned at trial⁶³, and has not been renewed.
2. The Full Federal Court rejected a challenge on the grounds of lack of novelty⁶⁴. That issue has also not troubled this Court.
3. Having found the patent invalid on the basis that the invention claimed in the specification was not an "invention" within the meaning of the 1952 Act⁶⁵, the Full Court held that it was unnecessary to deal with two other grounds of challenge⁶⁶, namely that the letters patent were obtained upon false suggestions and representations⁶⁷, and that the person who applied for the patent was not a person who was entitled to do so⁶⁸. These challenges have likewise not been pressed in this appeal.

45 Thus, the only issue before this Court is whether or not the invention claimed in the specification was an "invention" within the meaning of the 1952 Act then applicable.

⁶³ *Advanced Building Systems v Ramset* (1993) 26 IPR 171.

⁶⁴ *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 164.

⁶⁵ s 100(1)(d).

⁶⁶ *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 169.

⁶⁷ Contrary to the 1952 Act, s 100(1)(k). See (1996) 66 FCR 151 at 163.

⁶⁸ Contrary to the 1952 Act, s 100(1)(a). See (1996) 66 FCR 151 at 163-164.

What constitutes an "invention"?

46 Section 100(1)(d) of the 1952 Act provides, relevantly, as follows:

"(1) A standard patent may be revoked ... on one or more of the following grounds, but on no other ground:

...

(d) that the invention, so far as claimed ... is not an invention within the meaning of this Act;"

47 "Invention" is defined in s 6 of the 1952 Act as follows:

"'invention' means any manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies, and includes an alleged invention;"

It is worth observing, in elaboration of the comment made above, that these provisions are, for relevant purposes, indistinguishable from the corresponding provisions in the 1990 Act⁶⁹.

The holding in *Philips*

48 The majority of this Court in *Philips*⁷⁰ summarised the main issue on "invention" there arising in the following terms:

"In essence, Philips' argument is that the members of the Federal Court fell into error by failing to recognise that s 18(1)(b)'s requirements of novelty and inventive step (when compared with the identified applicable prior art base) are exclusive and exhaustive in so far as inventiveness (whether of step or idea) is concerned with the result that, if those requirements are satisfied, it is simply irrelevant that the subject matter of the claim as identified in the specification lacks the quality of inventiveness required by the principles which have been developed for the application of s 6 of the *Statute of Monopolies*. Expressed in other words, Philips' argument is that the fact that a claimed use is 'nothing but ... a new use of an old substance' and therefore

69 1990 Act, s 18(1) ("a patentable invention is an invention ...") and the definition of "invention" in Sched 1 (which is identical to that in the 1952 Act).

70 (1995) 183 CLR 655 at 663 (footnotes omitted).

'outside the whole scope of what is known as an invention' under traditional principles of patent law will not of itself preclude it from being a proper subject of letters patent under the Act. In our view, Philips' argument should be rejected. Our reasons for rejecting it diverge, however, from the reasons advanced in Mirabella's primary argument which focused upon the phrase 'manner of manufacture' in par (a) of s 18(1). The primary focus of inquiry should, as we have indicated, be upon the opening words ('... a patentable invention is an invention that ... ') of that sub-section which impose a threshold requirement which must be satisfied before one reaches that contained in the body of par (a)."

49 The majority in *Philips* acknowledged the internal tension in a legislative scheme which, in effect, imposes a threshold requirement of "newness" or "inventiveness", and then proceeds to impose more specific requirements of novelty and of an inventive step⁷¹. However, the majority justified this scheme on two bases. First, their Honours stated that there was no construction of the provisions which was not susceptible to some legitimate criticism. Secondly, they pointed out that the interpretation favoured accorded with traditional principles of patent law.

50 In formulating the threshold test of "newness", the majority⁷² referred to *Re BA's Application*⁷³, in which it was held that a claim which is "nothing but a claim for a *new use of an old substance*" is a claim which lies outside the scope of an "invention". Their Honours also referred⁷⁴ to the holding in *Commissioner of Patents v Microcell Ltd*⁷⁵, to the effect that a "claim for the use of a known material in the manufacture of known articles for the purpose of which its known properties make that material suitable ... cannot be subject matter for a patent".

71 (1995) 183 CLR 655 at 664.

72 (1995) 183 CLR 655 at 661.

73 (1915) 32 RPC 348 at 349, quoted with approval in *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 247 and *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 262 (emphasis added).

74 (1995) 183 CLR 655 at 661.

75 (1959) 102 CLR 232 at 251.

The present patent application

51 In my view, this Court's holding in *Philips* is determinative of the present appeal. In so concluding, I consider that, for the reasons which the Full Court gave, the judges there correctly decided the following points:

1. The patent was not a true combination patent - but a mere collocation of well-known integers⁷⁶.
2. In determining whether an alleged invention was a "manner of new manufacture" within the statutory definition, a court is not confined to the face of the specification itself. Such a test is consistent with the broad interpretation of "newness" which has been adopted by this Court in past cases⁷⁷. As the majority in *Philips* stated⁷⁸:

"[I]t would border upon the irrational if a process which was in fact but a new use of an old substance could be a 'patentable invention' ... if, but only if, that fact were not disclosed by the specification."

Two arguments may be raised against such a contention. The first is that the phrase "so far as claimed in any claim of the complete specification" in s 100(1)(d) confines the decision-maker to considering only the specification. This proposition can be rejected quite readily. Sections 100(1)(e) (inventive step) and 100(1)(g) (novelty) also contain the phrase "so far as claimed in any claim of the complete specification". Yet it is plain that, in considering whether an alleged invention is obvious or novel, it is necessary to go beyond the face of the specification in determining these qualities. If the phrase does not restrict the inquiry under ss 100(1)(e) and 100(1)(g), it can hardly be said to restrict the inquiry under s 100(1)(d).

The second argument against going beyond the face of the specification when considering s 100(1)(d) is that the construction of s 100(1) specifically authorises the decision-maker to go beyond the specification when considering novelty and inventive step. This Court, it is argued, should prefer

76 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 168.

77 *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 251; *N V Philips Gloeilampenfabrieken v Mirabella International Pty Ltd* (1995) 183 CLR 655 at 661-664.

78 (1995) 183 CLR 655 at 667.

a construction of the legislation which preserves a discrete role for s 100(1)(d) to one in which there is overlap between it and the tests of novelty and inventive step. Accordingly, as the legislature has clearly indicated those materials outside the specification which may be taken into account under ss 100(1)(e) and 100(1)(g), the inquiry under s 100(1)(d) should be confined to the face of the specification.

The chief flaw in this argument is the presumption that it is possible to determine, without going beyond the specification, whether an alleged invention satisfies s 100(1)(d), and hence, within s 6, is a "manner of new manufacture the subject of letters patent and grant of privilege within section 6 of the Statute of Monopolies". Yet s 6 of the *Statute of Monopolies* 1623 (Imp) (21 Jac I c 3) states a broad test indeed. It provides that a patent shall only be granted if the alleged invention:

"[B]e not contrary to the Lawe nor mischievous to the State, by raisinge of the prices of Comodities at home, or hurt of Trade, or generallie inconvenient".

Such an investigation could not be undertaken without regard being had to matters outside the specification. The s 100(1)(d) test is one of substantial breadth. Inevitably, it must overlap with the tests of novelty and inventive step.

For these reasons, it is my view that in deciding whether the alleged invention is a manner of new manufacture, ie has the necessary qualities of "newness" as explained, a court may look to prior publications, including the three published advertisements to which the Full Court directed its attention in this case⁷⁹.

3. Adopting this approach, the alleged invention does not satisfy the test set out in s 100(1)(d) of the 1952 Act⁸⁰, in light of the interpretation by this Court in *Philips* of the corresponding provision in the 1990 Act. In particular, it fails to do so when the three advertisements⁸¹, referred to by the Full Court, are taken into account. These publications could not be taken into account in considering the issue of obviousness, as they cannot be shown to have entered

79 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 167-169.

80 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 166-167.

81 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 167.

the body of common general knowledge in Australia. But in determining newness, in the sense of a manner of new manufacture, the decision-maker is permitted to go beyond the face of the specification.

52 In the present case, the alleged invention was "the provision of an elongated lever arm to which a remote release cable was attached, for use in face-lift tilt-up applications"⁸². The elongated lever arm had the advantage of ensuring that the bolt could not release the wall section being lifted into position during the hoisting operation. Putting the three advertisements to one side, the elongated lever arm would arguably satisfy the test of newness. However, once the advertisements to which I have referred are taken into account, it is clear that the provision of an elongated lever arm was not "new" in the required sense. I therefore agree with the Full Court's finding that "the clutch as claimed in the Australian patent was not a manner of new manufacture at the priority date"⁸³. It thus lacked the defined quality necessary to be an "invention". That fact justified revocation of the patent.

53 The only point upon which I would, with respect, differ with the reasoning of the Full Court is in the way in which that Court expressed its finding on issue (3) above. The joint reasons describe what I would term a lack of "newness" as an absence of "inventive merit"⁸⁴. The latter term should, in my opinion, be avoided. It has the potential to be confused with a challenge to a patent on the basis that it did not involve an "inventive step". The problem is compounded by their Honours' use of the phrase "inventive step"⁸⁵ in the course of considering whether the alleged invention satisfied s 100(1)(d) of the 1952 Act.

54 The tests of newness and inventive step are distinct. In considering whether an inventive step is involved, the decision-maker's attention is directed towards the issue of whether the claimed invention would have been obvious to a non-inventive operative in the field, equipped with the common general knowledge in that field as at the priority date⁸⁶. The test of newness is directed to whether the alleged

82 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 166.

83 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 168.

84 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 166, 167.

85 *Ramset Fasteners v Advanced Bldng Systems* (1996) 66 FCR 151 at 167.

86 *Wellcome Foundation Ltd v V R Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262 at 270.

invention is nothing more than the new use of an old substance⁸⁷. In answering the second question, the Court is not restricted to consideration of materials forming part of the common general knowledge in a particular field. It may take into account just the kinds of publications to which the Full Court paid attention.

Differences from the majority

55 It is desirable that I indicate briefly why I disagree with the majority's findings in this appeal:

1. In my respectful view, the majority's reasoning is founded on an overly narrow reading of the holding in *Philips*. The use of the phrase "inventive merit" by the Full Court was unfortunate, as I have agreed. But what the Full Court there had in mind was clearly not that the patent was obvious, nor that it lacked novelty. As I have pointed out, the Full Court had already put both of these grounds to one side and so their Honours were clearly not referring to those grounds. Instead, the ground upon which they determined invalidity was that explained by this Court in *Philips* - namely that the alleged invention did not satisfy the general threshold test of "newness", ie the necessary quality of inventiveness involved in a manner of new manufacture within the *Statute of Monopolies*.
2. It is disingenuous, in my respectful opinion, to suggest that the Full Court's use of the word "new" should be interpreted as a reference to novelty, as the majority suggest. The test of newness was explicitly stated by this Court in *Philips*⁸⁸. As this Court has made clear, the test of newness is distinct from the test of novelty. It is the former that the Full Court proceeded to apply. It was not only that Court's duty to do so. It was a correct application of the law.
3. As a corollary of this distinction, it follows that the same matters might fall to be considered both when deciding newness, and when addressing novelty and inventive step. The overlap of the grounds stated in the legislation has long been recognised⁸⁹ and is acknowledged by the majority themselves. A notion of newness is inherent in the concept of novelty (s 100(1)(g)) as it is in the concept and definition of "invention" itself (s 100(1)(d)). The test of

⁸⁷ *Commissioner of Patents v Microcell Ltd* (1959) 102 CLR 232 at 247.

⁸⁸ (1995) 183 CLR 655 at 663-664.

⁸⁹ *Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd* (1961) 180 CLR 98 at 112.

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newness is, in this respect, a threshold one. Thus, the same matters that might be relevant to a consideration of newness might, if that test be satisfied, also be taken into consideration in determining the issues of novelty and inventive step. Likewise, simply because a matter might be relevant to the issue of novelty or inventive step, it does not follow that it cannot arise when newness is being assessed for the purpose of deciding whether an item of manufacture reaches the threshold test of being an "invention" at all.

Orders

- 56 In my opinion the Full Court was correct both in its approach and in the result which it reached. Accordingly, I would dismiss the appeal with costs. Since the Full Court determined the cross-appeal to that Court in the respondent's favour, and as the issues so determined are not raised in the appeal, it is unnecessary for me to interfere with their Honours' findings in that regard.

