

Fairly based but obvious

Lockwood Security Products Pty Ltd v Doric Products Pty Ltd [2005] FCAFC 255
Following the High Court's decision in late 2004 that the claims of the patent were fairly based, the remaining issues to be determined concerning infringement, obviousness and insufficiency were remitted to the Full Federal Court. In its recent decision, the Full Federal Court overturned the primary Judge's decision and held that the patent is invalid on the ground of obviousness.

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FACTS

Lockwood Security Products Pty Ltd ("Lockwood") is a lock manufacturer and is the proprietor of Australian patent No 702534 ("the patent") concerning key controlled latches. Doric Products Pty Ltd ("Doric") is a manufacturer of door locks.

The patent relates to a lock known as a deadlock. The invention arose out of a perceived problem with deadlocks, which was that when they were opened from outside, a key was still required to open the lock from the inside. The invention overcame this problem by including a means by which key operation of the outside lock releases the inside lock.

By letter of demand, Lockwood alleged that Doric's products infringed the patent. Doric issued proceedings against Lockwood alleging unjustified threats of infringement. In response, Lockwood cross-claimed alleging infringement and Doric cross-claimed seeking revocation of the patent on the basis that it was invalid.

At first instance,¹ Hely J found that some of the claims of the patent were invalid for lack of novelty and that all but one of the claims were invalid for lack of fair basis contrary to s 40(3) of the *Patents Act 1990*. He otherwise rejected all other grounds of invalidity alleged, including obviousness.

Lockwood appealed the decision concerning fair basis to the Full Court of the Federal Court,² where it was upheld, and subsequently to the High Court. In our previous case note,³ we reported on the High Court's unanimous decision overturning the Full Federal Court's decision and finding that all but one of the claims of the patent were fairly based on matters described in the complete specification.⁴

The High Court then remitted to a Full Court of the Federal Court for determination the issues concerning infringement, obviousness and insufficiency that had not been dealt with by the previous Full Court.

DECISION

On 8 December 2005, the Full Federal Court⁵ upheld Hely J's decision at first instance that Doric had not infringed the majority of the claims of the patent but overturned his Honour's decision regarding obviousness, finding that the patent is invalid on the ground of obviousness under ss 7(2) and 7(3) of the Patents Act. Doric was not successful in making out the ground of insufficiency under s 40(2) of the *Patents Act*.

Obviousness

The problem to be solved

The issue considered by the Full Court was whether claim 1 of the patent was obvious.

Lockwood submitted that the inventive step was the inclusion of integer (vi) in claim 1 of the patent. That integer was any lock release means by which the key operation of the outside lock released the inside lock.

The Full Court said that it is important that both the problem to be solved and the inventive step are properly identified so that the obviousness question can be properly propounded.

Doric argued that both the problem to be solved by the invention and the solution were readily apparent to a person skilled in the relevant area and that the inclusion of integer (vi) in claim 1 was obvious.

Doric submitted that the problem to be solved was that, after an occupant had entered premises by unlocking



the door from the outside and then closing it, the internal handle remained locked. Lockwood submitted that the problem was more complicated than that.

The Full Court agreed with Doric's submission, which meant that the alleged inventive step (a means by which the key operation of the outside lock released the inside lock) could be said to be the corollary of the problem to be solved.

Admissions in the specification

Lockwood submitted that obviousness is a question of fact and that Doric had called no obviousness evidence.

The crucial part of the Full Court's judgement on obviousness reads as follows:

Doric does not claim that the specification expressly admits that claim 1 ... is obvious. Rather it says that the specification admits that it was common general knowledge that, in the typical lock, the outside key did not release the inside lock. Doric goes on to contend that given that admission, there was no inventive step merely to conceive of remedying the defect by any means using an outside actuator. That submission should be accepted.

Accordingly, Doric's successful obviousness attack was based on admissions made in Lockwood's specification.

Evidence not directed to alleged inventive step

At first instance, Hely J said that his initial impression was that the alleged invention as claimed was obvious, but that this was dispelled by the evidence, particularly that of Lockwood's witnesses.

However, the Full Court found that the majority of the evidence that Hely J had relied on related to *how* to design a lock, rather than to the solution of using the outside key to release the inside lock, and was therefore not relevant to the question of obviousness.

The Full Court held that the invention as claimed in claim 1 of the patent was obvious in accordance with s 7(2) of the Patents Act in light of the relevant common general knowledge.

Section 7(3)

The Full Court also overturned Hely J's decision at first instance regarding s 7(3) of the *Patents Act*. (That section permits obviousness to be determined in light of the common general knowledge considered together

with a single act if a person skilled in the relevant art could, before the priority date, be reasonably expected to have ascertained, understood and regarded the information as relevant to work in the relevant art.)

The single act that Doric had relied on was the sale of certain locks in Australia. The Full Court found that these locks were sold in Australia prior to the priority date and that a skilled addressee could reasonably be expected to have ascertained these locks and understood and regarded them as relevant. Accordingly, the Full Court held that the invention as claimed in claim 1 of the patent was also obvious in accordance with s 7(3).

Insufficiency

The Full Court considered whether the invention had been described fully in accordance with s 40(2) of the Patents Act and agreed with Hely J's decision at first instance that the specification was not contrary to s 40(2).

The Full Court said that the High Court's decision in *Sami Svendsen*⁶, in which it was held that the relevant specification offended the equivalent of s 40(2) in the *Patents Act 1952* because it did not enable the reader to discern what the invention was in the total thing that it describes, is not good law and that s 40(2) does *not* oblige an applicant for a patent to expressly identify in the specification the inventive step involved.

IMPLICATIONS

Some points that were reinforced by the Full Court in this decision are:

- extreme caution should be exercised when including admissions of prior art in a specification. In many circumstances, it may be prudent to avoid discussing the prior art at all in the patent specification, although sometimes this is not possible having regard to the nature of the invention
- the Court will consider what problem is sought to be solved by the invention when it assesses obviousness because identification of the problem to be solved and the inventive step enable the obviousness question to be properly propounded
- an applicant for a patent is not obliged to expressly identify in the specification the inventive step involved pursuant to s 40(2) of



the *Patents Act* or otherwise

- although an allegation that an invention is not a manner of manufacture (that is, not a patentable invention under the *Patents Act*) may be more commonly used to invalidate a claim that is a *desideratum* (discloses no more than a wished for result), an allegation of obviousness may succeed in some circumstances

COMMENT

The admission of prior art in this case by the patentee was decisive in its loss of the case. With the benefit of hindsight, it would have been better for Lockwood to have described its new lock as a novel combination of six integers which produced a new and useful result. The claim may have fared better in that case. At least Doric would have needed to adduce evidence that five of the six integers were in fact part of the common general knowledge.

In addition, the Court's approach highlights a significant difference between Australian practice and the practice in many foreign jurisdictions. For instance, in Europe it is more or less mandatory to fully discuss in the patent specification the most relevant prior art and then draft claims which characterise the invention over the prior art. From a logical point of view, it would seem to be perfectly appropriate to describe the prior art and then describe the improvement made in it by the invention. Australian courts could penalise patentees if they follow this approach and include admissions of prior art in a specification. Further, patent applicants are now required to notify the Commissioner of Patents about the results of searches on corresponding applications. This is consistent with the notion that patent applicants should be encouraged to disclose prior art, not to be penalised for doing so.

Legislative change would seem to be appropriate to avoid the consequence of prior art disclosed in the specification being treated as common general

knowledge in any assessment of whether or not there was an inventive step. This would make Australian law more logical and more consistent with international practice.

End notes

- ¹ *Doric Products Pty Ltd v Lockwood Security Products Pty Ltd* (2001) 192 ALR 306
- ² *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (2003) 56 IPR 479 per Wilcox, Branson and Merkel JJ
- ³ *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (2004) 217 CLR 274 per Gleeson CJ, McHugh, Gummow, Hayne and Heydon JJ
- ⁴ published in December 2004
- ⁵ Heerey, Sundberg and Bennett JJ
- ⁶ *Sami S Svendsen Inc v Independent Products Canada Ltd* (1968) 119 CLR 156

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MORE INFORMATION

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