

PLAYING FAIR WITH PATENT APPLICATIONS

by Barry Eagar – January 2002



The ‘fair basis’ requirement is an important consideration in Australia. Barry Eagar says overseas applicants must pay attention to this requirement and ensure that claims correspond to the patent specification.

The increasing popularity of the PCT as a vehicle for obtaining global patent protection has resulted in patent specifications that are prepared under one patent jurisdiction being filed in other jurisdictions. Thus, it is important for practitioners to be familiar with those features of patent specifications unique to important patent jurisdictions.

One of these features is referred to as the ‘fair basis’ requirement and must be met by the claims of an Australian patent specification. This requirement has developed into a special branch of patent law in Australia. As will be seen, non-compliance with this requirement can have disastrous consequences for a patentee.

Australia is a relatively popular choice for those seeking protection outside of Europe and the United States. It is hoped that this article will be useful to all practitioners who are interested in obtaining patent protection for their clients in Australia. In particular, it is hoped that this article will provide assistance to those practitioners seeking to ensure that the Australian fair basis requirements are met.

What the law says

In Australia, section 40(3) of the Australian Patents Act 1990 states that: "*The claim or claims must be ... fairly based on the matter described in the specification.*" Further, section 43 (1) states that: "*Each claim must have a priority date.*" and section 43(2) states that: "*The priority date of a claim is: (a) the date of filing of the specification; or (b) where the regulations provide for the determination of a different date as the priority date – the date determined under the regulations.*" Regulation 3.12 (1) of the Patents Regulations 1991 states that "*the priority date of a claim of a specification is the earliest of the following dates: (a) the date of filing of the specification; (b) if the claim is fairly based on matter disclosed in 1 or more priority documents, the date of filing the priority document in which the matter was first disclosed; ...*"

Also relevant here is the fact that section 40(1) sets out that: "*A provisional specification must describe the invention.*" Regulation 3.12(2)(a) enables the provisional patent application to found a priority date.

It is important to note that section 138(3)(f) sets out that a court may revoke a patent on the ground that the specification does not comply with section 40(3) (*supra*).

It follows that interpretation of the term ‘fairly based’ becomes extremely important when comparing the claims to the description of the invention. This term can refer to matter in a provisional specification or in a specification of a foreign application from which the applicant seeks priority. It is interesting to note that this term has now disappeared from British patent law. In spite of this, however, the interpretation of fair basis must be studied with reference to British patent law, where it has its origins.

Where ‘fairly based’ comes from

The origin of the term ‘fairly based’ was discussed at some length in *CCOM Pty Ltd v Jiejing Pty Ltd*, 28 IPR 481. The court, consisting of Spender, Gummow and Heerey JJ, set out an interesting and helpful insight into the historical relationship between the claims and the description.

The judges drew heavily from English precedents. In particular, the judges referred to *Tate v Haskins* (1935) 53 CLR 594, *British United Shoe Machinery Co Ltd v A Fussell & Sons Ltd* (1908) 25 RPC 631 and an article by Sir Arthur Dean, “*The Claiming Clauses of Patent Specifications*” (1948 – 50) 4 Res *Judicatae* 144.

Initially, after the English Statute of Monopolies of 1623, granted patents were expressed in vague and general terms together with a brief description of the invention. The patents were granted subject to a proviso in terms of which the inventor was obliged, in writing, to describe the invention and “*in what manner the same is to be performed*”. Their lordships stated that this proviso was the origin of the modern specification.

The patent therefore performed two functions. The first was to define the monopoly claimed. The second was to disclose the manner in which the invention was to be performed. The patent grantee’s rights were protected by the definition of the monopoly. In return, the information necessary for the public to work the invention after termination of the monopoly was provided in the disclosure of the manner of performing the invention.

In *British United Shoe Machinery* Lord Moulton set out that the applicant for a patent had two duties. One of those duties was to state his invention in its most general form. The other duty required the applicant to state the invention at its best and in a very special form. Out of this arose the optional practice of having a separate part of the specification primarily designed for delimitation. This became known as the claim.

A disconformity between the claims and the descriptive portion could lead, for example, to a patentee asserting a wider monopoly than that to which he was entitled having reference to the disclosure of the information necessary to work the invention. This disconformity was a ground for repealing the patent and forms the cornerstone of the modern ‘fair basis’ requirement in Australia.

The provisional specification

Provisional specifications were introduced in Britain by section 6 of the Patent Law Amendment Act 1852 (UK). If a law officer was satisfied that the provisional specification described the nature of the invention then for 6 months the invention would obtain the same protection as afforded by a patent. This was subject to the proviso that the complete specification was filed before the expiry of the 6 months. Thus, the patent applicant was able to perfect the invention by providing additional information, without going beyond the nature of the invention, as to the manner in which the invention was to be performed. The rule that the applicant was not permitted to go beyond the nature of the invention was adapted so that the provisional specification occupied the position of the description in the granted patent. As a result, the patent was void if the complete specification contained another and different invention from that disclosed in the provisional specification.

Must describe the invention

In section 5(3) of the Patents, Designs and Trade Marks Act 1883 (UK), it was set out that the provisional specification must describe the nature of the invention. This has been carried at least partially into section 40(1) of the Australian Patents Act 1990: “*A provisional specification must describe the invention.*” Further, section 9(1) of the UK Act required consideration of whether the invention described in the complete specification was “substantially the same” as that described in the provisional specification. This led to the principle of disconformity also being used to determine whether or not there existed a suitable relationship between the provisional and complete specifications.

It is therefore clear that in Australia the term “fair basis” is similar whether applied to the complete specification or to the priority document (in the above cases, being the provisional specification). The court alluded to this in CCOM when describing the evolution of the statutory law both in Britain and in Australia.

The court also referred to the 9th edition of Terrell and Shelley's Law of Patents, where it was suggested that the term be given a similar meaning in both cases. As will be seen later, however, the meaning is not exactly the same in both cases.

Cases of disconformity

One of the leading cases in the UK on disconformity, heard before the House of Lords, was *Mullard Radio Valve Co Ltd v Philco Radio and Television Corp of Great Britain Ltd (1936) 53 RPC 323*. In this case it was held that the relevant claim was too "wide" because it claimed more than the invention disclosed and described in the body of the specification. The *Mullard Radio Valve* decision was applied by Dixon J to the Australian Patents Act of 1903 in *Palmer v Dunlop Perdriau Rubber Co. Ltd (1937) 59 CLR 30*. In this case it was held that a claim would be invalid if it seeks an area of protection wider than that warranted by the invention. It is useful to quote Lord Macmillan (at 347) directly here: "*The consideration which the patentee gives to the public disclosing his inventive idea entitles him in return to protection for an article which embodies his inventive idea but not for an article which, while capable of being used to carry his inventive idea into effect, is described in terms which cover things quite unrelated to his inventive idea, and which do not embody it at all.*"

In *CCOM* the court warned against citing *Mullard* too closely when interpreting the present statute. It should be borne in mind that Lord Macmillan in *Mullard* was dealing with non-statutory law. The relationship between the claims and the description have now been codified and their lordships set out that some caution is needed "lest the history swamp the new text". In this regard, the court referred to the observation by Chief Justice Barwick in *Olin Corp v Super Cartridge Co Pty Ltd (1977) 14 ALR 149* that the question of fair basis is a narrow one. The court held that the question is not to be resolved by considering whether a monopoly in the product would be undue reward for the disclosure. Rather, the question is whether the claim to the product travels beyond the matter disclosed in the specification.

Tests for fair basis

No discussion in connection with fair basis would be complete without a consideration of the English case of *Mond Nickel Company Ltd's Application (1956) RPC 189* in which the three tests for fair basis are set out. These are the Mond Nickel rules that are very well known to practitioners in Australia. The court in *CCOM* cited this case, with some reservations, as set out below. In spite of their familiarity, their importance mandates their appearance:

- Is the alleged invention as claimed broadly described in the specification?
- Is there anything in the specification which is inconsistent with the alleged invention as claimed?
- Does the claim include as a characteristic of the invention a feature as to which the specification is wholly silent?

Justice Lloyd-Jacob, who set out the above tests, stated that only if an affirmative answer to the first question is obtained could one proceed to the second, otherwise the fair basis requirement is not met. A negative answer to the second question would then require an asking of the third question. A positive answer to the second question would allow the conclusion that the fair basis requirement was not met.

The *Mond Nickel* rules are still applied, with conditions, in Australia. They form a suitable starting point for an enquiry into fair basis.

Inconsistent

The court in *CCOM* mentioned that the use of the word 'inconsistent' in the *Mond Nickel* rules was unfortunate when applied to Australian law.

In particular, the court pointed out that while 'inconsistent' may have a clear meaning to an English lawyer, in Australian law, particularly constitutional law, it is a term used in a variety of senses. It was emphasized that it is the identification of the matter described in the provisional specification or in the body of the complete specification that is at issue. In this regard, the court warned against an over-meticulous verbal analysis. The court pointed out that it is well established that a claim may be fairly based on matter in the specification that is not a verbal description but is incorporated in the drawings.

In *Sartas No. 1 Pty Limited v. Koukourou and Partners Pty Limited and Nicola Leonardis No. NG815 of 1991 FED No. 936/94 Patents (1995) AIPC 91-121 (1994) 30 IPR 479* the court neatly summarized the approach adopted in the CCOM case (*supra*) for comparing the claims to the complete specification and to the provisional specification. This summary is by way of a number of propositions as follows:

- A claim may be "fairly based" on drawings;
- It is wrong to attempt to identify certain essential features in the complete specification and then to ascertain whether or not they correspond with the essential integers in the claims. Likewise, it is wrong to question whether or not the earlier provisional specification "fairly described" what are the "essential features" of the later specification.
- The answer to an issue of fair basing is not resolved by an application of an over-meticulous verbal analysis; thus, where the issue concerns a provisional specification, the fundamental question is whether there has been a real and reasonably clear disclosure of the invention in the provisional specification.
- Some generality of expression in the provisional specification is acceptable.
- It is of no use to require that the subject matter of the claims of the complete specification have been actually claimed in the provisional specification.
- The *Mond Nickel* test should not detract from ascertaining whether the claims travel beyond the scope of the matter disclosed in the provisional or in the body of the complete specification.

Not fair basis

At this point it is useful to consider a particular example in which the claims were held not to be fairly based on the provisional specification. This is particularly important since the courts have held that substantially more leeway should be given to a provisional specification than to a complete specification. This was stated by Mr. Blanco White QC in the fifth edition of his "Patents for Inventions" at para. 2-209: "...It has always been considered legitimate to develop an invention to some extent after filing a provisional specification, and the expression "fairly based" in the present context allows for such development."

Thus, if the principles distilled from the case below are applied to a complete specification, then a substantial margin for error is created.

In the matter of *Anaesthetic Supplies Pty Limited v Rescare Limited ALR 141 (1994)* the provisional patent application was directed to a device for treating obstructive sleep apnoea (OSA). The invention was described in the provisional specification as using nostril attachments or nasal tubes "adapted to be inserted" into each nostril of the patient. Attachment of the mask to the nose of the patient is described in a non-limiting example in the provisional specification. Of importance is that the provisional specification made no mention of the fact that some other method of getting air into the nose of the patient was possible. Justice Lockhart pointed out that "...there is no other general description of the invention anywhere in it."

The first claim of the complete specification disclosed three elements, namely (a) a nose piece; (b) inlet tubing; and (c) outlet means. Justice Lockhart had this to say: “The essence of the invention must be present ...in the provisional specification. It is a misconstruction of the provisional specification to say that one can look other than to the language of it to glean what the invention consists of.”

Justice Lockhart stated that although the description of the invention in a complete specification is more sophisticated than the description in a provisional, the provisional must describe the invention.

The judge clearly studied the provisional specification in depth to see whether or not there was any terminology that would cover the inclusion of a nose piece. As he stated: “...when one looks ...all one finds is the conventional CPAP with nostril attachments.” Clearly, there was nothing in the provisional specification that could support an interpretation sufficiently broad to cover a nose piece. Furthermore, the judge found that the nostril attachments were abandoned in the claims as no reference to a nose piece was made.

This case has attracted some controversy with many practitioners believing that the court applied the various rules too strictly. However, it can be argued that the use of broader terminology in the provisional specification would have enhanced the patentee’s protection substantially. This case emphasizes the need for practitioners to include generic terminology when preparing provisional specifications. Furthermore, practitioners should investigate alternatives to the embodiments provided by their clients before preparing the provisional specification. In light of *Sartas No 1* and *CCOM*, it is submitted that even a sketch showing a nose piece as a possible alternative to the nasal tubes or nostril attachments would have been sufficient for the claims to have satisfied the “fair basis” requirement.

Usually, practitioners are called upon to interpret claims when providing infringement or validity opinions. The interpretation usually requires a comparison of claims with other documentation. As a result, there is a tendency to apply the rules relating to infringement or validity whenever it is necessary to interpret the claims. However, as set out in *Interact Machine Tools (NSW) Pty Ltd v Yamazaki Mazak Corp (1993) 27 IPR 83*, when ascertaining fair basis, the comparison is not analogous to that between a claim and an alleged anticipation or infringement. The principle of fair basing represents a particular development of a special branch of patent law and has a complex history. It follows that principles such as the doctrine of mechanical equivalents (US) and purposive construction (Australia, UK) should be disregarded when considering the question of fair basis.

Protecting yourself

While perhaps not as commonly considered as anticipation and infringement, a patentee’s rights can be severely prejudiced if the fair basis requirement is not met. A ground for revocation arises when the claims are not fairly based on the matter described in the specification. Furthermore, the applicant loses the relevant priority rights when the claims are not fairly based on the matter described in the provisional specification or priority document.

It is important not to lose sight of the fact that non-compliance with the fair basis requirement can found an action for revocation of a patent. Thus, an enquiry into patent validity should also include an investigation into whether or not the claims are fairly based on the complete specification or the relevant priority document or both.