Law Council
OF AUSTRALIA

Business Law Section

27 March 2024

Ms Jennifer Hutchinson
IP Australia
47 Bowes Street
Woden ACT 2606

By email: Jennifer.Hutchinson@ipaustralia.gov.au

Dear Ms Hutchison

Impact of the High Court's decision in *Aristocrat v Commissioner of Patents*

1. The Intellectual Property Committee of the Business Law Section of the Law Council of Australia (**IPC**) welcomes the opportunity to respond to IP Australia's request for comments on whether the current law (and the uncertainty arising from the High Court's decision in *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2022] HCA 29 (***Aristocrat***)) is creating practical commercial issues for businesses that are active in the computer-implemented invention space.

Key Points

2. At the outset, we note the findings and recommendations of the *Patents Accessibility Review* conducted by Emeritus Professor Raoul Mortley AO, which was completed in February 2021. The Review recognised the importance of the role of patenting in the support of Australian businesses, including business conducted by SMEs. Business concerns about becoming involved in protracted patent disputes, which the Review described as the *"fear of litigation"*, was a major theme of the Review. Of course, such concerns must be weighed against other dimensions of the role patents play in the Australian business landscape, including providing some level of comfort to businesses that the technologies they have invested in are protected by competitors' respect for their patents and the ability to enforce those patents if warranted. This latter aspect is particularly apposite to the present request for comment on the issues created by the High Court's decision in *Aristocrat*, which invites examination of the value that potential applicants perceive in pursuing patent applications for their computer-implemented inventions in Australia and how they conduct their business in light of that perceived value. Plainly, in many ways, uncertainty in current intellectual property laws tends to undermine the objectives of the patenting system to foster business innovation in Australia.

3. In terms of the topic posed for comment, we consider it is perhaps still too early to report with any degree of assuredness as to trends which have emerged in patenting by Australian businesses following the High Court's decision in *Aristocrat*, in particular. An important contextual circumstance to note is that the High Court's decision in *Aristocrat* was keenly awaited by Australian patent professionals (patent attorneys and lawyers) and their clients because it was expected to authoritatively resolve perceived divergent aspects of the principles of patent-eligibility of computer-implemented inventions and their application in different lines of Full Federal Court decisions since the turn of the century. In that regard, it is not without significance that the decision in *Aristocrat* continues to work its way through the Court system. The latest determination of the patentability of certain residual claims was the subject of the decision of Burley J delivered on Friday, 8 March 2024 in *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents (No 3)* [2024] FCA 212, in which the Court found that none of the residual claims involved a manner of manufacture. It may be expected that legal practitioners and patent attorneys will now take time to consider the practical implications of that decision, and whether it has any capacity to alleviate the uncertainties that have followed since the High Court's decision—or what have been perceived as conflicting aspects of the body of Full Federal Court jurisprudence during the two decades before that.

4. We note that the results of Patent Office decisions on the patentability of computer-implemented inventions since the High Court's decision in *Aristocrat* (delivered on 17 August 2022) may provide some insight into the effect on the filing of patent applications in this field. Based on a review of the results of Patent Office decisions, which have been published up to early 2024 (see the table below), it appears that only one patent application has successfully overcome a manner of manufacture objection—and then only to a limited extent:

***Table of Patent Office decisions on manner of manufacture for computer-implemented inventions since* Aristocrat**

#	Date	Case name	Outcome
1	12 Sep 2022	*Troy Andison* [2022] APO 63	Refused
2	20 Sep 2022	*Venkat Thandra; Ahmed Farouk Shaaban* [2022] APO 65	Refused
3	28 Nov 2022	*Amadeus S.A.S.* [2022] APO 76	Refused
4	29 Nov 2022	*The Regents of The University of California* [2022] APO 77	Refused
5	30 Nov 2022	*BaVelPay S.L.U (B-67506527)* [2022] APO 78	Refused
6	7 Dec 2022	*MasterCard International Incorporated* [2022] APO 80	Refused
7	22 Dec 2022	*Apple Inc.* [2022] APO 83	17 claims refused; 2 claims accepted

#	Date	Case name	Outcome
8	1 Feb 2023	*Diogenes Limited* [2023] APO 5	Refused
9	8 Feb 2023	*Diogenes Limited* [2023] APO 8	Refused
10	13 Feb 2023	*The Coca-Cola Company* [2023] APO 9	Refused
11	14 Feb 2023	*Accenture Global Services Limited* [2023] APO 10	Refused
12	30 Mar 2023	*CareFusion 303, Inc.* [2023] APO 17	Refused
13	17 Apr 2023	*Grand Performance Online Pty Limited* [2023] APO 20	Refused
14	21 Apr 2023	*Block, Inc.* [2023] APO 21	Refused
15	27 Apr 2023	*The Banktech Group Pty Ltd* [2023] APO 22	Refused
16	9 May 2023	*Jason Bayley* [2023] APO 25	Refused
17	10 May 2023	*Block, Inc.* [2023] APO 27	Refused
18	31 May 2023	*Visa International Service Association* [2023] APO 31	Refused
19	14 Jun 2023	*Block, Inc.* [2023] APO 34	Refused
20	2 Aug 2023	*Mastercard International Incorporated* [2023] APO 42	Refused
21	4 Sep 2023	*Paige.AI, Inc.* [2023] APO 44	Refused
22	18 Sep 2023	*Intuit Inc.* [2023] APO 48	Refused
23	3 Oct 2023	*Dei Gratia Pty Ltd* [2023] APO 50	Refused
24	27 Oct 2023	*PayPal, Inc.* [2023] APO 54	Refused
25	8 Nov 2023	*Mölnlycke Health Care AB* [2023] APO 56	Refused
26	22 Dec 2023	*James McHarg Fitzsimons* [2023] APO 67	Refused

5. We are conscious that IP Australia has striven to provide guidance to patent applicants and their advisers both before and since the High Court delivered its decision in *Aristocrat*, particularly with updates to the *Patent Manual of Practice and Procedure* that include examples of claim features that may or may not indicate patent-eligibility. It appears Australian patent applicants will benefit from guiding examples, particularly if combined with a constructive dialogue between examiners and applicants regarding potentially patentable subject matter and appropriate claim formats where manner of manufacture objections are raised. However, there are limits to the overall clarity and resulting business confidence

that can be derived from guidance provided by IP Australia on the principles the Commissioner of Patents has distilled from the prevailing body of Full Federal Court case law when the High Court has delivered divided, *obiter*, reasons on key aspects of those principles and their application.

6. In an endeavour to conduct a form of litmus test as to the practical implications on business of the High Court's decision, we called for examples and observations from within members of the IP subcommittee. The following principal comments were received:

    - The High Court's decision has resulted in, or at least perpetuated, uncertainty as to the extent to which computer-implemented inventions are patentable in Australia.

    - Uncertainty as to patentability is undesirable because it makes it less likely that patent applications will be filed, and/or that applicants will wish to test cases by an appeal.

    - It does not appear possible, presently, to use public data to perform any meaningful quantitative analysis of new or changed patent filing or prosecution behaviours, which might be in some way attributed to any additional uncertainty flowing from the High Court's decision in *Aristocrat*. IP Australia is in the best position to determine whether there has been a noticeable change in the number of patent filings since the High Court's decision, noting in particular that most applications filed during that period are yet to be opened for public inspection, and large volumes of Patent Cooperation Treaty (**PCT**) applications filed since the High Court's decision in *Aristocrat* are yet to enter national phase in Australia.

7. We also received anecdotal observations that some major foreign corporations have significantly reduced, or even ceased, filing patent applications for computer-implemented inventions in recent years, owing to insurmountable manner of manufacture objections they have routinely received in Australia but not with corresponding patent applications in other jurisdictions, including the USA, Europe and China. It is as yet unclear whether these substantial decreases in Australian patent filings correlate to decreases in commercial activity or investment in the Australian market by those foreign corporations.

8. We also received details concerning one member's client and how the *Aristocrat* decision has affected their business decisions, which are presented on a de-identified basis:

    - The client is an Australian entrepreneur with a successful software-based product that is now starting to gain traction, providing genuine and measurable benefit to their customers. The client lodged a family of patent applications for inventions relating to key aspects of their software-based product with IP Australia as the filing office for the PCT process.

- The client has faced repeated and sustained manner of manufacture objections in trying to get their patents granted in Australia. The client has overcome objections for lack of novelty and lack of inventive step, through amendments and submissions made during prosecution, but the manner of manufacture objections has been maintained.

- The client has been frustrated by what they have perceived as a rigid approach adopted by Australian patent examiners and hearing officers in taking manner of manufacture objections. The client has observed that their Australian experience contrasts with their experience in constructively working with examiners of foreign counterpart patent applications, particularly in the US and Canada, to amend the patent claims to formats that meet the threshold requirements of patent-eligibility in those jurisdictions while still capturing the essence of their invention.

- Although the client has been prepared to persist with prosecuting their patent portfolio in Australia to date, they have not been inclined to take an appeal of any of the adverse decisions up through the Australian court system, as they have perceived that to be a costly and likely futile exercise, with the same substantial funds better invested in continuing to develop their technology. The client currently has no intention to pursue further patent applications in Australia, even where patent protection is sought for new computer-implemented inventions in other jurisdictions such as the US and Canada, where they have not experienced the same obstacles based on patent-eligibility.

- The client considers that delays in obtaining granted patents in Australia has effectively cost their business 7 years of the patent term, during which details of their invention have been on the public record through their published patent applications. The client has observed major competitor companies, much larger and based overseas, appropriating aspects of their invention as published in their patent specifications, and promoting those aspects as features of their own platform without any attribution or compensation to the client.

- The client has struggled to obtain venture capital without granted patents, which they believe has hampered its growth and use of the intellectual property that it created to build an Australian-based technology business.

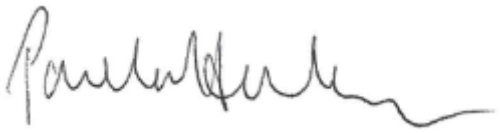
- The client is seriously considering moving their business to the US and/or Canada, foregoing investment in developing the technology with Australian customers and employing Australian staff in doing so.

Conclusion and further contact

9. The IPC trusts that the above information is of assistance to your review. If it would be of further assistance, the IPC would be happy to meet with you to discuss these issues.

10. Please contact the Chair of the IPC, Richard Hoad, on 03 9101 6825 or by email to rhoad@jonesday.com, if you would like to arrange such a meeting.

Yours faithfully



Dr Pamela Hanrahan
Chair
Business Law Section