# Insta Image Pty Ltd v KD Kanopy Australasia Pty Ltd [2008] FCAFC 139

# FEDERAL COURT OF AUSTRALIA

# LINDGREN, BENNETT AND LOGAN JJ

#### THE COURT:

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#### INTRODUCTION

The appellants appeal from orders of the Court that were made on 3 and 24 April 2007 in association with reasons published on 3 April 2007: see *KD Kanopy Australasia Pty Ltd v Insta Image Pty Ltd* (2007) 71 IPR 615.

The primary Judge found that the appellants infringed claims 1, 2 and 8-23 (the claims the subject of the proceeding) of Australian Patent No 656757 (the Patent) of which

the third respondent (KD Canopy Inc), was the assignee. The first respondent (KD Kanopy Australasia) and its director, the second respondent (Mr Dand), claimed to have been at all

material times the exclusive licensees of the Patent in Australia.

The second appellants (Mr and Mrs Wallace) were the registered proprietors of the business name "Green Line Shade & Shelter" and under that name engaged in the business of, inter alia, importing and selling shade structures. The primary Judge found that in doing so, Mr and Mrs Wallace infringed the claims the subject of the proceeding.

Her Honour dismissed the appellants' cross-claim for an order revoking the claims the subject of the proceeding.

The question of damages for infringement was left outstanding, and so leave to appeal was necessary. Her Honour granted leave on 24 April 2007, in relation to the orders made on that day, and on 24 May 2007, in relation to the orders made on 3 April 2007.

The only issues the subject of the appeal were those involved in the appellants' contention that the claimed invention was not novel and lacked an inventive step.

#### **BACKGROUND**

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The title of the Patent was "Collapsible Canopy Framework having Captured Scissor Ends with Non-Compressive Pivots". The priority date was 4 January 1991. The alleged infringements involved two versions of a product called "Caravan Instant Shelter" which the appellants imported into and sold in Australia.

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The inventor was James Lynch (deceased). By an assignment agreement dated 19 October 2001 executed by Mr Lynch's personal representative, the Patent was assigned to K D Canopy Inc.

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From about September 2000, one or more of the appellants imported and sold the first version of the Caravan Instant Shelter. A later version was imported and sold from about May 2002. The appellants admitted that the earlier version had all of the essential features of, and might infringe, claims of the Patent, but denied that the later version had all of those features. They contended that to the extent that there had been any infringement, there was no liability to the first, second and fourth respondents because those respondents were not exclusive licensees. That aspect of the appellants' defence depended on the terms of a Distribution Agreement entered into between K D Canopy Australasia, Mr Dand and K D Canopy Inc on 24 December 1997, and was of no concern on the appeal.

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Other issues at trial that were of no concern on the appeal were the appellants' contentions that the claims the subject of the proceeding were not fairly based on the specification and lacked clarity.

#### THE PATENT

The title of the Patent was as noted at [7] above.

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Under the heading "Related Patents" the specification states that the "present application" is related to the structure of the inventions disclosed in three "US patents". In the case of each of them, the inventor was the same James P Lynch. They were:

US Patent No 4,641,676 dated 10 February 1987 (the earliest Lynch patent)

US Patent No 4,779,635 dated 25 October 1988 (this has been referred to as "Lynch 3")

US Patent No 4,947,884 dated 14 August 1990 (this has been referred to as "Lynch 2").

Elsewhere in the specification there is reference to the following further patent in respect of which Mr Lynch was also the inventor:

US Patent No 4,885,891 dated 12 December 1989 (this has been referred to as "Lynch 1").

The nomenclature "Lynch 1", "Lynch 2" and "Lynch 3" derives from the appellants' Particulars of Invalidity. It is unfortunate that the nomenclature does not reflect a chronological sequence and that the earliest Lynch patent does not form part of the numbered series (because it was not relied on as an anticipation). Her Honour used the nomenclature above and we will do likewise.

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The appellants rely heavily on the specification in support of their submission that the primary Judge erred by failing to appreciate that the invention was "a specific improvement to known prior art collapsible canopies, namely "novel mounts" with parallel facing side walls and non-compressive pins". Her Honour, however, considered that the invention could not be so narrowly defined. She considered that the invention was not simply the introduction of the U-shaped mounts with parallel facing side walls for the purpose of giving increased strength and stability to a known collapsible canopy structure. Rather, she characterised the invention as a total combination of discrete technologies, of which the mounts and pins were but one (or two), in a particular geometrical arrangement.

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The appellants submit that the specification (1) contained admissions as to the content of the common general knowledge, and, even if this was not so, (2) described "the invention" (s 40(2)(a) of the *Patents Act 2001* (Cth) (the Act) provides that a complete specification must "describe the invention fully") in a way that supports their narrower identification of the invention. For these reasons we will give a somewhat detailed account of the content of the specification.

Under the heading "Field of Invention" the specification stated:

The present invention generally relates to improvements in collapsible shelters such as shelters described in my earlier disclosed scissor canopy structures referenced above. Specifically, the present invention relates to a structural device, in the form of a non-compressible mount having sockets, which capture end portions of scissor

assemblies so as to connect scissor assemblies to each other and to other structural components of a canopy structure. The mounts are structured to provide free pivots while at the same time resisting lateral and torsional deflections. Accordingly, the present invention generally relates to the attachment of pivoting structural members in an integrated canopy system.

The appellants rely on this passage as showing that the invention related to the improvement consisting of the non-compressible mount with sockets.

Under the heading "Background of the Invention" the specification stated:

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Portable shelters have been in existence since prehistoric times. Recently, there has been an increase in the sophistication, quality and construction of portable structure apparatus.

One response to the need for portable shelters was shown in U.S. Patent No. 4,641,676 [the earliest Lynch patent]. This patent discloses a portable canopy structure which has a framework that may be collapsed into a stored state yet which may be expanded and erected for use. The framework includes a plurality of upright support members, the adjacent ones of which are connected by means of scissor assemblies comprising either single or dual scissor units connected in end-to-end relation. A flexible covering extends over the framework. In several of the embodiments, a central support is provided for the covering in the form of a central post so that the covering is supported in a dome-like manner. In another embodiment, no central post structure is shown. The present invention may also have usefulness with other structures, such as shown in U.S. Patent No. 4,607,656 issued 26 August 1986 to Carter [the Carter patent].

A problem experienced by the structures shown in patent '676 [the earliest Lynch patent] and in patent '656 [the Carter patent] is that the edge scissor assemblies which extend between adjacent support members are often subjected to lateral forces which tend to decrease their stability. Where the scissor assemblies are connected to each other and to the corner supports, compression mounts were used which, if tightened, inhibited the scissoring action and were subjected to shear forces upon lateral deflection. It was often found that the connecting bolts could be bent or broken by excessive lateral deflections.

The appellants rely on this passage as pointing to the problem of instability resulting from shear forces and lateral deflection, which the invention was supposed to address.

The specification asserted that the structure described in the earliest Lynch patent was greatly improved by that described in Lynch 3, in which:

... the canopy structure outwardly biased its corner support members so that the framework interconnecting adjacent corner support members was placed in tension as opposed to compression, which was the case in ... patent '676 [the earliest Lynch patent].

Nonetheless, according to the specification, the assembly was still subject to improvement in the scissor bar interconnections. The structure shown in Lynch 2, while providing a very useful canopy of an auto-erect feature, relied on similar scissor bar interconnecting bolts which, while quite workable, had the disadvantages indicated.

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According to the specification, in order to give greater stability and to meet the problems mentioned, Mr Lynch developed a stabilisation bar for use with the scissor assemblies. The stabilisation bar was described in Lynch 1 as a reinforcement member for an extendible scissors truss. The stabilisation bar is in the nature of a "Z" shape member. According to the specification, while the structure described in Lynch 1 worked "quite well", it added additional complexity and increased manufacturing costs and weight.

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The first three paragraphs under the heading "Summary of the Invention" are as follows:

It is an object of the present invention is [sic] to provide connecting devices for scissoring elements in truss assemblies which connectors are non-compressive so as to allow a scissor forming element to freely pivot therein while at the same time resisting lateral and torsional deformations of the element.

Yet another object of the present invention is to simplify the collapsible canopy structure by providing new and useful mounts for interconnecting the structure forming elements, and by employing connecting devices having a minimum of different pieces which may be integrated into a more complex structure.

Still a further object of the present invention is to provide a collapsible/expandable framework structure for canopies with which may be employed lighter weight corner supports and scissor bars without significant loss of structural integrity or strength.

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The specification continues by stating that according to the present invention, an expandable framework structure is provided, which is adapted to be folded and stored in a collapsed state and erected in an expanded state on a support surface in order to support a canopy covering above the support surface. These general features were aspects of the Lynch patents.

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#### According to the specification:

Each edge scissor assembly has a pair of outer upper ends and a pair of outer lower ends, a plurality of novel mounts are disposed on the upright support members to fasten the edge scissor assemblies thereto. To this end, each of the mounts have sockets formed therein by spaced-apart facing sidewall portions so that the outer ends of the edge scissor assemblies may be captured in respective one of the sockets in close fitted engagement between the facing sidewall portions thereof. A fastening pin pivotally secures each outer end portion of each edge scissor assembly in its respective socket.

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The specification states that the mounts are relatively movable with respect to one another, and that where a pair of mounts is positioned on an upright support member, one is stationary while the other is slidable. The specification continues:

The sockets and the mounts thus provide pivotal connections for the scissor bars which form the scissor units which in turn comprise the scissor assemblies without being compressive fittings. Nonetheless, the sidewalls act to resist lateral and torsional deflections of the outer end portions of the edge scissor assemblies, and thus the scissor assemblies themselves.

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The first paragraph under the heading "Detailed Description of the Preferred Embodiment", to which the appellants refer, is as follows:

The present invention concerns movable or temporary shelters in the form of canopy structures which may be stored in a compact size yet which may be expanded into an erect structure providing shelter against the elements or which provide privacy for a variety of applications. The structures of the present invention do not require any assembly or disassembly. Such structures are those which, by way of example and not limitation, are described in [the earliest Lynch Patent], [Lynch 3] and [Lynch 2]. The present invention specifically concerns novel mounts which may be used to interconnect the framework forming elements, such as the upright corner and intermediate leg support members, scissor assemblies and roof support structures described in those issued patents, a detailed description of those structures is not again here set forth but rather the structures and technology disclosed in hose [sic] issued patents are herein incorporated by reference.

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The appellants submit that according to the body of the specification, the inventive step claimed is limited to the alleged improvement consisting of the "U" shaped mount with its parallel walls and the associated non-compressive fastening pin.

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Of the claims, it suffices to set out 1, 2 and 14 which are as follows:

- 1. An expandable framework structure adapted to be folded and stored in a collapsed state and erected in an expanded state on a support surface whereby said framework structure may support a canopy covering above said support surface, comprising:
- (a) a plurality of upright support members each having a bottom end positionable on the support surface and a top end opposite said bottom end, said support members oriented alongside one another in the collapsed state and movable outwardly apart from one another toward the expanded state;

- (b) a plurality of edge scissor assemblies with there being an edge scissor assembly interconnecting adjacent ones of said support members, each said edge scissor assembly having a pair of outer upper ends and a pair of outer lower ends, said edge scissor assemblies operative to open and close whereby said framework structure may move between the expanded and contracted states;
- (c) a plurality of mounts disposed on said upright supports and operative to fasten said edge scissor assemblies thereto, said mounts each having sockets formed therein by spaced-apart, parallel sidewall portions, said edge scissor assemblies each having outer end portions of rectangular cross-section received in a respective one of said sockets in a closed-fitted engagement between the parallel facing sidewall portions thereof thereby forming planar contact surfaces with said parallel sidewall portions; and
- (d) a fastening pin pivotally securing each outer end of said edge scissor assemblies in the respective socket, said mounts being relatively movable with respect to one another to allow said edge scissor assemblies to open and close as said framework structure expands and contracts while the parallel sidewalls of the sockets may act on the outer end portions along the planar contact surfaces to resist lateral and torsional deflections of said edge scissor assemblies.
- 2. An expandable framework structure according to claim 1 wherein a pair of said mounts are disposed on each of said upright support members, one of said pair being a stationary mount and another of said pair being a slide mount, said slide mount slideably secured to said upright support member and movable therealong between locations proximate to and remote from said stationary mount when the respective said edge scissor assembly opens and closes.
- 14. An expandable framework structure according to claim 8 wherein said framework support when in the collapsed state defining a closed framework unit having opposite framework unit ends, said stationary mounts and some of said floating mounts abutting one another to create an uninterrupted first rim at one of said framework unit ends and said slide mounts and others of said floating mounts abutting one another to create an uninterrupted second rim at another of said framework unit ends.

We need not set out claim 8 (referred to in claim 14 above) in full. Claim 8 begins "An expandable framework structure according to claim 1 wherein ...". Claim 14 relates to the entire structure in its collapsed state.

The appellants submit that Mr McKinnon's "Original" (discussed below) had all of the integers of the claims the subject of the proceeding except those of claim 14. Therefore, claim 14 is not attacked on the ground of lack of novelty, but it is attacked on the ground of obviousness.

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#### **LEGISLATION**

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The Patent was granted under the Act before it was amended by the *Patents Amendment Act 2001* (Cth). The amendments relating to inventive step and novelty were contained in Pt 1 of Sch 1 to that Act and commenced on 1 April 2002. They applied in relation to patents for which the complete application was made on or after that date and to the making of complete applications for patents on or after that date. Accordingly, we will refer to the relevant provisions of the Act as they existed prior to the amendments.

#### THE PRIMARY JUDGE'S REASONS FOR JUDGMENT

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In her reasons, the primary Judge addressed the issue of novelty before that of obviousness. Although we address them in the opposite sequence, we will follow the primary Judge's sequence for the purpose of giving an account of her Honour's reasons.

# **Novelty**

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Her Honour noted that the question whether an invention is novel requires comparison with the prior art base, citing ss 18(1) and 7(1) of the Act (at [54]). The appellants pleaded two instances of prior use in Australia before the priority date of 4 January 1991: the use of a collapsible canopy designed by Mr McKinnon (referred to by Mr McKinnon and her Honour as the Original canopy), and the commercial sale and use of collapsible canopies under the trademark "Quikshade" (the Quikshade canopy) by a company with which Mr McKinnon and his father were associated, Summer Craft Blind & Awning Company Pty Ltd. The appellants did not rely on the Quikshade canopy as an anticipation because it did not employ a two-sided socket such as that described in the Patent.

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The appellants contended before her Honour that the use of the Original included its use by Mr McKinnon at public events such as motocross races and jet-ski races (at [54]).

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Her Honour observed that s 7(1) provided that prior art information made "publicly available" through the doing of a single act "may be used for the comparison required in connection with novelty" (at [56]). Her Honour continued that in the present case, the information conveyed by Mr McKinnon's Original must have been made available to any one member of the public in a way that left that person free, in law and equity, to use the

information, citing Stanway Oyster Cylinders Pty Ltd v Marks (1996) FCR 577 (Stanway Oyster).

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The primary Judge discussed the Lynch patents and the "Lyon patent" (being US Patent No 402,755 dated 7 May 1889 issued to G H Lyon and entitled "Expansible Frame"), and concluded, applying the reverse infringement test (see *Meyers Taylor Pty Ltd v Vicarr Industries Ltd* (1997) 137 CLR 228 at 235), that none of the inventions the subject of them would have infringed the Patent and therefore that they did not anticipate the invention the subject of the Patent (at [57]-[63]).

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Turning to the Original, her Honour noted that from 1984 Mr McKinnon had made a number of prototypes of a collapsible canopy with four upright metal posts and scissor trusses between adjacent posts, as a shelter for his equipment and tools in connection with his involvement in motocross and jet-ski racing events (at [64]). There were no copies of the Original in existence and the only photographs said to be of it did not show how the scissor assembly was attached to the uprights.

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The respondents submitted before her Honour that Mr McKinnon's evidence needed to be closely scrutinised in those circumstances. She accepted that it did (at [65]). However, his evidence was not entirely uncorroborated. Mr McKinnon went to Mr Soward, a metal fabricator, to have the parts welded to the posts. Mr Soward could not recall their shape, but his employee, Mr Forster, recalled them as being made from U-shaped channels. Mr Forster recalled a sliding mount on the post consisting of a U-shaped bracket which he welded to a square hollow section of metal which slid along the post. The brackets had holes in either side through which a bolt could be threaded. Mr McKinnon said that he used a nylon washer on either side of the end of the scissor end because "the two sides of the socket were slightly larger than the width of the end and to 'take up the slack'" (at [65]).

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Mr Soward testified that he worked on only a section of the canopy but that Mr McKinnon showed him the final product, of which there was a photograph in evidence. Mr Soward could not recall how the components were utilised (at [66]). (Her Honour's reasons refer at [66] to "Mr Forster" rather than Mr Soward but the parties agreed that it could not have been Mr Forster.)

Mr McKinnon said that when he started taking the canopy to races in 1987 and possibly earlier, other competitors, friends and members of the public saw it and expressed an interest in it, and were "intrigued by it" (at [67]). He said that he lent it to friends when he was not attending the races himself.

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He said he was asked to make and sell copies but he was busy and did not think it worth his while. His evidence was that in 1987 a friend returned from the United States of America (USA) with a copy of an advertisement of a canopy made by another company, and that this caused him to become interested in manufacturing his own. He took the Original to a product engineer, Mr Dawes, who designed a system that clipped together. However, it had injected moulded plastic mounts different in shape from those of the Original. Mr McKinnon applied for a patent in November 1987, and the Quikshade canopy began to be manufactured and sold from 1988. Neither the Quikshade canopy nor the patent underlying it were relied on by the appellants as anticipating the Patent, but they were relied on as forming part of common general knowledge in connection with the issue of obviousness (at [67]).

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Despite its commercial success, Mr McKinnon was not satisfied with the strength and stability of the Quikshade product. In 1995 he redesigned the brackets to have a single wall on each side of the bracket. He sold the Quikshade business but remained an employee until June 2004. He no longer has any interest in the business.

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The primary Judge said that it was clear enough that Mr McKinnon's Original had U-shaped brackets that could be said to have parallel facing side walls (at [68]).

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Her Honour concluded (at [70]) that the Original anticipated the claims the subject of the proceeding except claim 14: Mr McKinnon conceded that the Original did not collapse in such a way that an uninterrupted rim was formed as described in that claim (see [25] above).

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There was an issue, however, as to whether the information to be derived from inspection of the Original had been made "publicly available" by Mr McKinnon: see s 7(1) of the Act. On this question, her Honour noted a distinction between Mr McKinnon's earlier and later evidence (at [71]). His earlier evidence, she thought, may have established that the Original was available for inspection by members of the public. But when he was reminded that he had applied for a patent for the Original in late 1987, Mr McKinnon "retreated from

his earlier evidence about making the canopy available at the races in the period prior to that". Indeed, he said that he had attempted to keep it from the public; that he erected it at the back of the pits and out of public view; that he sought to do so until it was patented because he was conscious of the prospect of people taking his ideas; and that he was guarded about lending it.

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Her Honour's conclusion was that although the Original anticipated the claims the subject of the proceeding (except claim 14), the final version of Mr McKinnon's evidence made it impossible to conclude that the Original had been made available for inspection by members of the public (at [71]).

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The only other evidence of disclosure on which the appellants relied was the provision of the Original to Mr Forster. (The appellants contend before us that they did not rely on provision of the Original to Mr Forster, but to Mr Soward, and that her Honour erroneously referred to Mr Forster. We address this contention below.) However, her Honour said that it could not be inferred that Mr Forster was at liberty to make use of it, as is required (at [72]). The circumstances strongly suggested that the information contained in the Original was confidential and could not be imparted by Mr Forster to others or used by himself.

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For the above reasons, her Honour rejected the challenge to validity based on lack of novelty.

#### **Obviousness**

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Her Honour noted that the effect of s 7(2) of the Act was that an invention does not involve an inventive step compared with the prior art base (as required by s 18(1) of the Act) only if it would have been obvious to a person skilled in the relevant art, in the light of the common general knowledge as it existed in the patent area before the priority date of the relevant claim, whether that knowledge is considered separately or together with the information referred to in s 7(3) (at [73]). Her Honour observed that s 7(3) referred to any single piece of prior art information or a combination of any two or more pieces that the skilled person could reasonably be expected to have ascertained, understood and regarded as relevant.

The primary Judge noted that the appellants' case on obviousness had two "approaches" (at [75]). First, the appellants assumed that common general knowledge extended to what was disclosed in the Lynch patents. Her Honour observed that features of them, such as the use of scissor assemblies connected to vertical upright supports, could also be seen in the Lyon patent and in the Quikshade canopy. Accordingly, it would have been obvious to the skilled person that the attachment means could be changed to mounts having L-shaped or U-shaped sockets, so the appellants contended. Such mounts would provide greater strength and stability.

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The second approach of the appellants relied on the evidence of Mr Kennard, an engineer experienced in product design and the author of some inventions. Mr Kennard considered how he might design a component to connect an upright post and a horizontal post in such a way as to enable the latter to be free to slide along the upright post. He was instructed that the area for design concerned a problem with a collapsible canopy. He said that "engineering principle" led him to a choice between U-shaped and L-shaped mounts.

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Mr Kennard's evidence was that all of the features of the Lynch patents were well known to skilled persons before the priority date. In particular, scissor assemblies, vertical support posts for canopy roofs, the combination of stationary and sliding mounts, U-shaped and L-shaped sockets in brackets used for attachment, and the use of floating mounts and non-compressive pins, were all well known.

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The respondents called Dr Gilmore, a mechanical engineer who had experience in the design of various mechanisms and structures. Her Honour noted that Dr Gilmore accepted that "the discrete technologies which comprised the structure as described in [the Lynch] patents would have been common general knowledge" (at [76]). Her Honour continued in an important passage (at [76]):

However, the knowledge that the specific types of discrete technology would combine well to make a practical and useable device would not be common general knowledge and would need to be "taught". Discrete technologies were put together in a particular and a unique way in each of the prior patents. There were a wide range of possibilities open to a person designing a structure such as this and that person would need to research and use their skill in design, he [Dr Gilmore] said. The assumption that all collapsible canopies would use scissor assemblies was incorrect, as some prior art documents confirm. Scissor mechanisms could be expected to be observed in various applications, but specific knowledge of how to apply them to advantage in making collapsible structures would not have been

readily observed. The use of sockets with parallel side walls to accommodate bars with ends of rectangular cross-section were known to help to prevent lateral and rotational distortion of the socket relative to the bar; but whether this assist[s] in preventing distortion of a collapsible structure, while allowing the bar to pivot freely, would depend upon the details and geometry of the design of that structure. The respondents' [the present appellants'] case, it will be recalled, assumes that [the] structure has been designed.

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The primary Judge thought that Mr Kennard's evidence was strongly suggestive of hindsight and assumed a greater knowledge of the type of structure in question than may have been the case at the relevant time. Her Honour thought that it could not be safely concluded that he was directing his mind to knowledge as it existed at the priority date (at [77]).

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On the other hand, her Honour thought that no reason was shown for rejecting the evidence of Dr Gilmore (at [78]). Based on his evidence, she concluded that common general knowledge at the priority date should not be taken to have extended to the structures disclosed in the Lynch patents nor to the "scissor assemblies" as shown in Lyon patent and the Quikshade canopy (also at [78]).

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The primary Judge moved from considering what was commonly known to consider s 7(3) of the Act. Her Honour thought there was nothing to suggest that a person, such as an engineer conducting the research to which Dr Gilmore referred, would have become aware of the Quikshade canopy. There were no journals in the awning and canopy industry and, according to Dr Gilmore, information of this kind was not likely to appear in engineering design journals. In any event, her Honour said, "an inspection and observation of the [Quikshade] canopy would have shown only the use of a scissor assembly connected to upright posts as one possibility" (at [79]).

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Her Honour accepted Dr Gilmore's evidence that the Lyon patent did not take one far towards the Patent, and noted that in any event the evidence did not establish that it and the Lynch patents were available to be searched for, and would have been routinely searched for, online by a design engineer before the priority date (at [80]). (It will be recalled that all of the pre-priority date patents to which we have referred were US patents.)

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The primary Judge rejected as invalid an assumption made by the appellants that the skilled person would design the attachment means of the edges of a scissor assembly to upright posts holding a canopy roof on the basis that he or she was acquainted with the

structures disclosed in the Lynch patents (at [81]). Moreover, she observed, even if the appellants' assumption was valid, they would still have failed to establish that the skilled person would have been informed of the benefit of using parallel facing side walls having the function and purpose disclosed in the Patent specification, and would have been led as a matter of course to try them. This was not to say that the existence of brackets having L-shaped and U-shaped sockets was not part of common general knowledge in Australia at the time: her Honour accepted that it was (also at [81]).

Dr Gilmore considered that a person seeking to refine the structure in the Lynch patents might consider the use of L-shaped or U-shaped sockets, but they might also consider other possible structures, and the structures in the Lynch patents were not "mandated by design principle". Her Honour accepted Dr Gilmore's evidence (at [82]).

Mr Kennard was given his design task by the appellants' lawyers prior to his seeing the Patent and the prior art. However, by reason of the description of his task and the questions put to him, he was effectively directed to the use of brackets with sockets having parallel facing side walls. In these circumstances her Honour did not think that his evidence could carry any weight (at [84]).

The primary Judge found that the appellants' case on obviousness failed (at [85]).

#### THE PARTIES' SUBMISSIONS ON THE APPEAL

#### **Obviousness**

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The appellants submit that her Honour failed to identify correctly the alleged "step" said to be "inventive", and the reference material against which the "inventive step" was to be identified: see ss 18(1)(b)(ii) and 7(2) and (3) of the Act. They rely on the following passage which appears under the heading "Obviousness – the proper question" in *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (2005) 68 IPR 459 (*Lockwood v Doric*) at [130]:

The importance of thus identifying the problem sought to be solved by the invention, and the inventive step employed to do so, is that it enables the "obviousness" question to be properly propounded: would it be obvious to an ordinary skilled but not inventive worker that the problem created by integer (iv) could be resolved by making the inside handle operable from outside the door? The question is not whether the hypothetical worker would have known *how* to achieve that result. [Emphasis in original.]

The appellants submit that High Court referred to this passage without disapproval in Lockwood Security Products Pty Ltd v Doric Products Pty Ltd (No 2) (2007) 72 IPR 447 (Lockwood v Doric (No 2)) at [95].

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The appellants contend that having regard to the whole of the specification of the Patent, admissions contained in it as to the prior art, and the expert evidence, the primary Judge should have identified the problem sought to be solved by the invention as that of instability in known collapsible canopy structures as described in the body of the specification with reference to the Lynch patents. They submit that this would have led her Honour to see that the only claimed inventive step was the provision in a given collapsible canopy structure of the U-shaped mounts and non-compressive pins.

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According to the appellants, her Honour erred in holding that "... common general knowledge as it existed at the priority date should not be taken to have extended to the structures disclosed in the Lynch patents, nor the use of scissor assemblies as shown in the Lyon patent and the Quikshade canopy" (at [78] of her Honour's reasons). It was this error, the appellants argued, that led the learned primary Judge to hold that the inventive step consisted of the combining of known discrete technologies.

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In summary, the appellants contend that the references in the specification to, inter alia, the Lynch patents constituted admissions that the information contained in them formed part of common general knowledge before the priority date and, in any event, went to the identification of the inventive step claimed. The appellants quote from the judgment of Heerey J in *WM Wrigley Jr Co v Cadbury Schweppes Pty Ltd* (2005) 66 IPR 298 (*Wrigley*) at [59]:

It follows that what is asserted on the face of the specification, without qualification, to be "Background of the Invention" can be taken as an admission that what appears therein was part of CGK in Australia at the priority date. This at least is CGK, although evidence may reveal more. The very heading is telling the reader that what appears in that section is known and commonplace in the art. It is setting the stage, so to speak, for the disclosure of the claimed invention, which, by contrast, will reveal something promised to be new and inventive.

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The appellants make supporting submissions based on the manufacture and sale of the Quikshade canopies in Australia. According to the evidence of Mr McKinnon in cross-examination, sales were about 160 units per year from 1987 to the early 1990s, and then from

the early 1990s about 140 to 160 units per month. The appellants also refer to the seeing of Quikshade canopies by the public. They also made a supportive submission that her Honour wrongly identified the relevant "person skilled in the relevant art", or at least erred in considering that any witness other than Mr McKinnon was such a person.

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For their part, the respondents submit that the appellants make an unwarranted assumption that the structures described in the Lynch patents and their deficiencies formed part of "common general knowledge, and/or common general knowledge considered with s 7(3) information".

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The respondents submit that a proper analysis of the evidence of Mr McKinnon, Dr Gilmore and Mr Kennard reveals that her Honour was correct to conclude that the information contained in the Lynch patents and the Quikshade canopy did not form of common general knowledge before the priority date.

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In relation to the effect of admissions in a specification, the respondents rely on the following passages in the High Court's judgment in *Lockwood v Doric (No 2)*:

[105] Admissions may be made in a specification, particularly about prior art and common general knowledge. ... Admissions in a specification about any problem said to be overcome by an invention are made from the vantage point of knowing the solution. When used as evidence, they would always need to be weighed with evidence, if it exists, from persons skilled in the relevant art of their perception of any problem at the time before the priority date, before their exposure to any solution contained in the invention.

. . .

[108] ... An admission in a specification that some integers of a combination are common general knowledge can be considered together with witnesses' evidence as to whether the remaining integers are also common general knowledge. However, admissions of mixed fact and law will not necessarily be conclusive on the issue of common general knowledge. Nor will they oust the trial judge's function of weighing *all* the evidence.

[109] ... Admissions in a specification on common general knowledge are, without doubt, relevant but they are to be assessed as to their probative force like all other evidence.

[Emphasis in original.]

The respondents submit that in the light of this passage, to the extent that statements in the earlier cases of *Bristol-Myers Squibb Co v F H Faulding & Co Ltd* (2000) 97 FCR 524 at [30] and *WM Wrigley Jr Co v Cadbury Schweppes Pty Ltd* (2005) 66 IPR 298 at [59], relied on by the appellants are authority to the contrary, they no longer represent the law.

The respondents submit that the discussion in the specification is not an admission that the structures described in the Lynch patents were generally known in Australia.

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They submit that her Honour correctly formulated and applied the test under s 7(3) for the incorporation of further material into the prior art base (at [73] of her Honour's reasons). She found that there was no evidence that the information in the Lynch patents would have been ascertained by the hypothetical skilled addressee (at [80]). Nor, her Honour found, would an engineer undertaking the research to which Dr Gilmore referred have been otherwise alerted to the existence of the Quikshade canopy (at [79]) – a finding that the respondents submit was open to her Honour.

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The respondents submit, in the alternative, that if the information contained in the Lynch patents were part of common general knowledge or information fitting the description in s 7(3), her Honour was entitled to find that the skilled person would not "have been directly led, as a matter of course, to try a bracket having a socket with parallel facing side walls and using a non-compressive pin" (at [81]).

# **Novelty**

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The appellants acknowledge that under this head their appeal relates only to prior use of the Original. They submit that her Honour erred in concluding that the Original was not "publicly available" before the priority date of the Patent.

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The appellants rely upon the following extract from s 7(1):

- (1) For the purposes of this Act, an invention is to be taken to be novel when compared with the prior art base unless it is not novel in the light of any one of the following kinds of information, each of which must be considered separately:
  - (a) prior art information (...) made publicly available ... through doing a single act; ...

The appellants submit that the requirement that the prior art information be "publicly available" through the doing of an act does not require that the invention have been made generally available to the public at large, and that it suffices that it is made available to at least one member of the public who was free in law and equity to use it.

They submit that the evidence shows that the Original was made available to the public:

- by Mr McKinnon at motocross and jet-ski races; and
- by Mr McKinnon's having shown and demonstrated it to Mr Soward.

The appellants contend that lack of novelty should have defeated all claims except claim 14 (which they say, like all other claims, should nonetheless have been defeated on the ground of obviousness).

The respondents, on the other hand, while not seeking to challenge her Honour's findings of anticipation by the Original, seek to uphold her Honour's conclusion that Mr McKinnon had attempted to hide the Original and to keep it from the public because he had a patent application pending in respect of it.

In relation to the disclosure to Mr Soward, the respondents submit that the reference to Mr Forster (at [72]) of her Honour's reasons) instead of to Mr Soward, does not amount to appealable error. They contend that the appellants suffered no disadvantage by the allegation of disclosure being dealt with as though it applied to Mr Forster rather than Mr Soward because Mr Forster was, on the evidence, more familiar with the Original than Mr Soward was. Moreover, the appellants submit, the finding that obligations of confidence attached to knowledge of the Original must apply to Mr Soward as much as it did to Mr Forster.

#### **CONSIDERATION**

#### **Obviousness**

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#### The provisions of the Act relating to obviousness

Section 18(1) of the Act provided, relevantly, that an invention is a patentable invention for the purposes of a standard patent if **the invention "so far as claimed in any claim"** (our emphasis):

- (b) when compared with the prior art base as it existed prior to the priority date of that claim:
  - (i) ...
  - (ii) involves an inventive step.

The word "invention" was defined in Schedule 1 to mean any manner of new manufacture within s 6 of the *Statute of Monopolies*, and to include an alleged invention. It will be necessary below to address the question what was the invention so far as claimed in the claims of the present Patent.

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Neither the expression "inventive step" nor the word "inventive" was defined in the Act. However, s 7(2) and (3) of the Act provided:

- (2) For the purposes of this Act, an invention is to be taken to involve an inventive step when compared with the prior art base unless the invention would have been obvious to a person skilled in the relevant art in the light of the common general knowledge as it existed in the patent area before the priority date of the relevant claim, whether that knowledge is considered separately or together with either of the kinds of information mentioned in subsection (3), each of which must be considered separately.
- (3) For the purposes of subsection (2), the kinds of information are:
  - (a) prior art information made publicly available in a single document or through doing a single act; and
  - (b) prior art information made publicly available in 2 or more related documents, or through doing 2 or more related acts, if the relationship between the documents or acts is such that a person skilled in the relevant art in the patent area would treat them as a single source of that information;

being information that the skilled person mentioned in subsection (2) could, before the priority date of the relevant claim, be reasonably expected to have ascertained, understood and regarded as relevant to work in the relevant art in the patent area.

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The expression "prior art information" was defined in Schedule 1 to mean:

- (a) ...
- (b) for the purposes of subsection 7(3) information that is part of the prior art base in relation to deciding whether an invention does or does not involve an inventive step.

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The expression "prior art base" was defined in Schedule 1 as follows:

- (a) in relation to deciding whether an invention does or does not involve an inventive step:
  - (i) information in a document, being a document publicly available anywhere in the patent area; and
  - (ii) information made publicly available through doing an act anywhere in the patent area; and
  - (iii) where the invention is the subject of a standard patent or an application for a standard patent information in a document publicly available outside the patent area; ...

The expression "patent area" was also defined in Schedule 1. For convenience, the expression may be understood to refer to "Australia".

It is not necessary to dwell on the concept of the prior art base because of the deeming effect of s 7(2).

It follows from the provisions of the Act outlined above that in determining the issue of obviousness, it is necessary:

- (1) to identify the invention "so far as claimed in any claim";
- (2) to identify the "person skilled in the relevant art";

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- (3) to identify the common general knowledge as it existed in Australia before the priority date;
- (4) to inquire under s 7(2) whether the invention referred to in (1) above would have been obvious to the person referred to in (2) above in light of the knowledge referred to in (3) above; and
- (5) to inquire whether that invention would have been obvious to that person in the light of that knowledge when that knowledge is considered together with either kinds of information mentioned in s 7(3) (additional prior art information).

# (1) What was the invention "so far as claimed in any claim" for the purposes of s 18(1) of the Act?

Claims 1, 2 and 14 were set out at [25] above.

Construction of claims is a matter for the Court: *Minnesota Mining & Manufacturing Co v Tyco Electronics Pty Ltd* (2002) 53 IPR 32 at [92]; *Fresenius Medical Care Australia Pty Ltd v Gambro Pty Ltd* (2005) 67 IPR 230 at [34], and other authorities. When claims are being construed, the specification is to be read as a whole in order that the necessary background to the invention may be known and words or expressions used in the claims may be understood: *British Thomson-Houston Co Ltd v Corona Lamp Works Ltd* (1922) 39 RPC 49 at 67; *Rosedale Associated Manufacturers Ltd v Carlton Tyre Saving Co Ltd* [1960] RPC 59 at 60, cited with approval by Sheppard J in *Decor Corp Pty Ltd v Dart Industries Inc* (1988) 13 IPR 385 at 399. However, where a claim is clear and unambiguous, it is not permissible to resort to the specification in order to qualify it: *Welch Perrin & Co Pty Ltd v* 

Worrel (1961) 196 CLR 588 at 610; Interlego AG v Toltoys Pty Ltd (1973) 130 CLR 461 (Interlego) at 478; Atlantis Corp Pty Ltd v Schindler (1997) 39 IPR 29 at 35, 48; Kimberly-Clark Australia Pty Ltd v Arico Trading International Pty Ltd (2001) 207 CLR 1 (Kimberly-Clark) at [15]. It may, however, be possible to resolve any ambiguity or lack of clarity by reference to the body of the specification; cf Interlego at 479; Kimberly-Clark at [15].

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In *Kimberley-Clark*, the High Court discussed aspects of the construction of s 40 of the Act, including the requirement that the complete specification must "describe" the invention and end with claims that "define" the invention (at [14]ff). Their Honours pointed out that the claims are as much part of the specification as the "body" of it is (at [14]), but added (at [15]):

It is true that something like special principles apply where it is the scope of a claim that alone is in question.

That is the case here because s 18(1) uses the language the invention "so far as claimed in any claim", not, for example, the invention "as described in the complete specification".

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We referred (at [15]-[23]) to passages from the body of the specification. Through them, Mr Lynch tells the story of his own inventive journey. Those passages may show that Mr Lynch thought that his invention consisted of the introduction into collapsible canopies the subject of his earlier patents of novel mounts having sockets with parallel side walls (U-shaped mounts) and non-compressive fastening pins.

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The question, however, is not what Mr Lynch thought but what is "the invention so far as claimed in any claim"?

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Claim 1 (set out at [25] above) describes the entire "expandable framework structure adapted to be folded and stored in a collapsed state and erected in an expanded state on a support surface whereby [the] framework structure may support a canopy covering above [the] support surface" as "comprising" the elements described in paras (a) to (d) of that claim. Paragraphs (a) and (b) describe the "support members" and "edge scissor assemblies" respectively. According to the body of the specification, these integers were disclosed in the Lynch patents. Paragraphs (c) and (d) describe the U-shaped mounts and non-compressive fastening pins respectively. According to the body of the specification, it is these integers of the claimed invention which were not to be found in, and represented improvements on,

collapsible canopy structures disclosed in earlier patents, such as the Lynch patents and the Carter patent.

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Perhaps it was because construction is a matter for the Court that her Honour did not refer to the unanimous opinion expressed by the experts in a joint report that was in evidence and was filed pursuant to a direction of her Honour. The appellants rely on the report.

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Her Honour's direction was that both parties' experts confer and produce for the Court a report identifying where there was disagreement between the experts and summarising the bases for each expert's view. Pursuant to that direction, a "Joint Expert Report" was made by Dr Alison McMillan, Dr Peter Kneen and Dr Duncan Gilmore, experts retained by the present respondents, and Mr Ian McKinnon and Mr Neil Kennard, experts retained by the present appellants.

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The report began by noting that the experts had had regard to the "Field of Invention", "Background of the Invention" and "Summary of the Invention" parts of the specification. Mr McKinnon and Mr Kennard stated that they thought there was no "invention" and so the report proceeded by addressing the "alleged invention". The five experts reported their agreement that the alleged invention "relates to the provision of sockets having parallel side walls and the use of non-compressive pins".

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Regardless of what Mr Lynch and the experts understood, s 18(1) requires us to identify **the invention "so far as claimed in any claim"**. A claim may claim less than the whole invention, but the subject matter of s 18(1) cannot be wider than the claims, and the provision demands that close attention be given to the claims.

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At trial, the case was conducted on the basis that the invention was one of two alternatives: (1) the introduction of the U-shaped mount with non-compressive pin into the collapsible canopy structures the subject of the Lynch patents and the Carter patent as described in the specification (the "narrow" concept of the invention claimed, and the one supported by the appellants); (2) the assembling of all of the discrete technologies taken as a whole or in combination, of which the novel mounts with non-compressive pins was one, into a workable collapsible structure having edge scissor assemblies (the "broad" concept of the invention claimed, and the one supported by the respondents).

The appellants did not point to any ambiguity or lack of clarity in any of the claims in the present case. The product described in claim 1 was an entire expandable framework structure that had many features over and above the U-shaped mounts and non-compressive pins. We see no possibility of identifying the invention, as claimed, as being limited to the introduction of the novel mounts and non-compressive pins into an existing known structure.

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Although her Honour did not express the position in terms of claim construction, she appears to have accepted that the claimed invention was as we have described it.

# (2) Who was the "person skilled in the art"?

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In their joint report, the expert witnesses sought to define the person skilled in the art as including "a person in the blind, awning and/or tent industries with a practical knowledge of installation and manufacture".

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Her Honour stated (at [16]):

Persons working in the awning, tent and shade structure business might be said to be interested in the method of attachment to the structure identified in the patent. It seems to me however that it is more clearly addressed to a person concerned with the particular problem it identifies. Such a person would be someone called upon to design such a structure and its components. Mr McKinnon's own use of an engineer to refine his prototype for production tends to confirm this. I accept however that there may be persons, not necessarily qualified as engineers, whose experience would provide them with the necessary knowledge and understanding.

Her Honour went on to note that the Full Court had observed in *Jupiters Ltd v Neurizon Pty Ltd* (2005) 65 IPR 86 (*Jupiters*) at [154] that evidence may be admissible from persons who do not precisely answer the description of the hypothetical skilled person, that some persons may be "more skilled" in the relevant art than others, and that it is for the court, having admitted relevant evidence, to come to a conclusion as to the application of s 7(2).

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Her Honour did not exclude the evidence of any of the expert witnesses on the basis that he did not fall within the description of a "person skilled in the art". (We note, however, that the evidence of a witness called by the respondents, their patent attorney, was not accepted as relevant to the understanding of a skilled person, so far as it was relevant to the question of the construction of the Patent (at [14])). Nor do we think that her Honour's own description of the "person skilled in the art" in the circumstances of the present case led to

any error of principle. Finally, we do not think it is shown that her Honour's description was itself erroneous.

# (3) What was the common general knowledge as it existed in Australia before the priority date?

It is necessary at the outset to address the appellants' submission that the specification constituted an admission as to the content of the common general knowledge.

The High Court discussed the question of admissions made in a specification, particularly about prior art and common general knowledge, in *Lockwood v Doric (No 2)* at [105] to [111]. The Court said that admissions in a specification about common general knowledge, while relevant, must be assessed as to their probative force like all other evidence (at [109]). It is therefore necessary to play close attention to the terms of the individual specification in which the admissions are said to be made.

Contrary to the appellants' submission, the references to the various earlier patents in the present specification did not amount to admissions by Mr Lynch that the inventions the subject of those patents had become part of common general knowledge in Australia. It must be recalled that all of the patents referred to in the specification were US patents. Even if there was an admission that certain information formed part of common general knowledge in the USA, it would not follow, at least in the absence of evidence somehow equating the two, that it was an admission that the information formed part of common general knowledge in Australia.

A point that was not argued before us was whether an admission made by the applicant for the Patent, Mr Lynch, could be taken into account in any event, having regard to the fact that neither he nor his personal representative were a party to the proceeding (it will be recalled that his personal representatives had assigned the Patent to KD Kanopy Inc).

The relevant passages in the specification were set out at [15]ff above. As previously noted, the story recounted is a personal one of progressive improvements made by Mr Lynch beginning with the earliest Lynch patent.

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The nearest the "Background of the Invention" section of the specification comes to admitting that something was generally known is the statement that a problem experienced by the structures shown in the earliest Lynch patent and the Carter patent is that the edge scissor assemblies that extend between adjacent support members were often subject to lateral forces which tended to decrease their stability. However, the statement in relation to the Carter patent is explicable as a statement based on Mr Lynch's own experience with the earliest Lynch patent that was, relevantly, similar.

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As noted at [61] above, the appellants rely on *Wrigley* at [59]. However that case is distinguishable. Under the heading "Background of the Invention" in the specification of the patent relevant to that case, the description of the problem to be solved was clearly in terms of that which was publicly known, as the following extract shows:

Sugarless chewing gums are frequently enclosed with hard or soft coatings. Coatings provide an opportunity for the manufacturer to vary product characteristics such as taste, appearance and nutritional value. In recent years, efforts have been devoted to producing sugarless hard coatings for chewing gum. In today's health conscious society, gums containing sugarless sweeteners are popular confectionary items. In response to this consumer demand, the industry has investigated sugarless coatings containing ...

Hard coatings containing sorbitol are common in the art. Sorbitol is generally acceptable because of its availability and the low cost. Current sugarless gums hard coated with sorbitol, however, suffer from deficiencies. For example, sorbitol coating solutions are difficult to employ in the coating process. In addition, sorbitol coated products are usually rough, contain coloured spots or blotches, and are waxy.

. . .

Accordingly, a need currently exists in the confectionary market place for a sugarless gum with a hard coating which possess the appealable characteristics of a sugar coating. To satisfy consumers, the coating would ideally be identical in appearance, taste, and mouth feel to a sugar coating. To satisfy the manufacturers, the coating would be high in stability, easy to apply and economical.

It is therefore an object of the present invention to provide a novel and improved sugarless hard coated chewing gum. ...

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The present Patent specification constitutes admissions by Mr Lynch as to his own familiarity with the inventions the subject of the earlier US patents mentioned and with the ongoing problem of instability of which he was aware, but does not constitute an admission by him as to the common general knowledge as it existed in the USA, let alone Australia, before the priority date.

Her Honour found that the structures described in the Lynch patents and the use of scissor assemblies as shown in the Lyon Patent and the Quikshade canopy would not have been within the common general knowledge possessed by persons skilled in the art in Australia before the priority date of 4 January 1991 (at [78]). Mr McKinnon said that neither he nor persons in the industry read patent specifications in and before 1990. He said that there was not a journal devoted solely to collapsible canopies and that the only trade publication he read regularly (before and after 1990) was a "blind and awning Journal", his interest in which related to his father's blind and awning business rather than to collapsible canopies.

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Dr Gilmore gave evidence that while the specific discrete technologies used in collapsible canopy structures of the kind described in the Lynch patents would individually have formed part of common general knowledge in Australia as at the priority date, the combination of those technologies to make the Lynch canopy structure as a whole would not have done so. It will be recalled that her Honour found no reason for rejecting Dr Gilmore's evidence, but found that Mr Kennard's evidence which was to the effect that common general knowledge extended to "the type of structure in question" was affected by hindsight (see [50] and [51] above).

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The evidentiary position and findings in relation to the Quikshade canopy were as follows. Her Honour found that that canopy was manufactured and sold from 1988 (at [67], [71]). Mr McKinnon said in his affidavit that he sold the Quikshade canopy in the period from 1987 to 1995, and that in the period from 1987 to the end of 1990 he sold between 500 and 1,000 Quikshade canopies, mostly in New South Wales and Queensland, and mainly to motocross competitors. He said he did not do much advertising and relied on word of mouth. Mr McKinnon said he advertised the Quikshade canopy in motocross magazines (such as *Australian Dirt Bike*) and that some competitors and spectators would have seen him with the Quikshade canopy at motocross races. He said he also recalled selling Quikshade canopies to local schools and markets in and around Lismore.

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There was no direct evidence from any person skilled in the art before the priority date that knowledge of the Quikshade canopy had entered common general knowledge (Mr McKinnon's knowledge as inventor was not sufficient). On the other hand, Dr Gilmore's evidence was to the effect that the Quikshade canopy was not part of common general

knowledge before the priority date. Dr Gilmore stated that experienced technical persons may have observed the Quikshade structures, but an understanding of their operation would need to be gained by close examination and observation. In cross-examination, Dr Gilmore elaborated to the effect that even people in the blind and awning business would not necessarily have been exposed to the Quikshade product.

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Her Honour's conclusion, that the structures described in the Lynch patents and their instability problem had not entered the common general knowledge in Australia before the priority date, has not been successfully impugned.

# (4) Would the invention, so far as claimed in any claim, have been obvious to a person skilled in the relevant art in the light of the common general knowledge as it existed in Australia before the priority date?

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In his submissions, senior counsel for the appellants seizes on acknowledgments in the evidence that individual integers formed part of the common general knowledge. For example, he refers to extracts from Dr Gilmore's second report dated 30 June 2005. Dr Gilmore had been asked the following question:

QUESTION A – Given the circumstances above [the circumstances were those described in a summary of the "relevant prior art" and of the treatment of the instability problem, based on the account given by Mr Lynch in the Patent specification], would it have been routine as at 4<sup>th</sup> January 1991 for a non-inventive worker skilled in the field of design and/or construction of collapsible tents and/or shelters to modify a structure as described in Lynch 1, 2 or 3 to:

- 1. To use each and every feature referred to in points 2 to 9 below in a collapsible framework having edge scissor assemblies.
- 2. Use floating mounts having sockets formed by spaced apart parallel side wall portions in place of pivot pins or bolts to connect the two scissor assemblies.
- 3. Support the roof of the canopy by internal scissor assemblies which are connected to the edge scissor assemblies by means of a floating mount having sockets with spaced apart parallel side wall portions.
- 4. Modify the assembly of Lynch 1 such that the central post is supported by sockets connected to the internal scissor units as opposed to pivot pins or bolts.
- 5. Use a pivot axle formed by cooperative axle pins that mate together to connect scissor units at their mid-point instead of pins, bolts or rivets.
- 6. Use mounts having parallel facing side walls in sockets to mount the end of scissor assemblies to a post in place of L brackets.
- 7. Create mounts to provide pivotal connections for the scissor bars without being compressive fittings.

- 8. Use mounts having sockets formed by facing side wall portions capturing the ends of the scissor assemblies in a close fitted engagement between the facing side wall portions.
- 9. Use floating mounts, with sockets and fastening pins, to pivotally secure inner ends of scissor bars in the sockets for the roof support.

# In answer to part 1 of question A, Dr Gilmore stated, inter alia:

- 4.5 In my opinion, the specific discrete technologies used in the mounts and axle pins would constitute common general knowledge at 4<sup>th</sup> January 1991 eg use of axle pins as pivots, use of sockets as a more rigid mounting mechanism, and sliding mounts.
- 4.6 However, taken as a whole or in combination (ie a system as described in the "patent" and by the features in points 2 to 9 above), the method of assembling these discrete technologies into a workable collapsible structure having edge scissor assemblies would not be common general knowledge. The way in which the specific technologies have been combined for a specific purpose constitutes a unique system. The method by which the mounts are designed to conveniently converge and fold together into a square-ended arrangement which is highly convenient for storage and transport, is also unique, requiring an inventive step.
- 4.7 In my opinion, it would not have been routine as at 4<sup>th</sup> January 1991 for a non-inventive worker skilled in the field of design and/or construction of collapsible tents and/or shelters to modify a structure as described in Lynch 1, 2 or 3 to use each and every feature referred to in points 2 to 9 above in a collapsible framework having edge scissor assemblies. Rather than be routine, a non-inventive worker skilled in the field of design would need to contemplate, research, and use their design skill and previous observations in order to configure such a mechanism and to make it workable. As such, the modified structure would not be obvious, and would require an inventive step, in my opinion.

#### In answer to part 2 of question A, Dr Gilmore stated:

- 5.1 The use of floating mounts having sockets formed by spaced apart parallel side wall portions in place of pivot pins or bolts to connect the two scissor assemblies would constitute common general knowledge to be routinely applied at 4<sup>th</sup> January 1991, for non-inventive workers skilled in the field of design and/or construction of collapsible tents and/or shelters in my opinion.
- 5.2 To apply that broad knowledge to this application, and to then arrive at the specification for the floating mounts described in the "patent" by drawings, including the specific geometry where one sidewall is thicker than the opposite, the sockets for the arms of the scissor assemblies are offset relative to each other to allow the desired operation of the canopy, the geometry of the mounts allows the structure to collapse compactly and conveniently for storage and transport, and non-compressible two-part axle pins with recessed socket heads are used, is however not obvious or routine in my opinion.

We need not set out Dr Gilmore's answers to the remaining seven parts of Question A. In each case he said, in effect, that, regarded in isolation, the particular integer formed part of common general knowledge, but then added a qualification. In parts 3, 4, 6, 7, 8 and 9 of Question A, the qualification was to the effect that the integers being part of common general knowledge did not signify that it was part of common general knowledge that the mounts (referred to as "sockets" in part 4) were suitable for use as described in the Patent, and that many variations in the design of the mounts would be expected. In part 5 of Question A, which related specifically to the "pivot axle", the answer was necessarily different in its terms, but was, mutatis mutandis, to much the same effect, and concluded that many possible variations in the design of the axle pins would be expected.

As noted earlier, her Honour accepted Dr Gilmore's evidence. Its effect was that the combination of all of the integers, including as one (or two) of them the U-shaped mount with non-compressive pin, was not obvious having regard to the common general knowledge in Australia before the priority date.

(5) Would the invention, so far as claimed in any claim, have been obvious to a person skilled in the art in the light of the common general knowledge as it existed in Australia before the priority date together with any additional prior art information?

Her Honour's conclusion that no additional information was required by s 7(3) of the Act to be taken into account was supported by the evidence. There was evidence that persons skilled in the art would not have read the earlier US patents and, confronted with the task of designing a portable collapsible canopy, would not have ascertained, understood and regarded as relevant the information contained in those patents.

#### Conclusion on obviousness

In the result, s 7(2) has the effect that the invention is taken to have involved an inventive step, and her Honour is not shown to have erred in concluding that the appellants' attack on the Patent on the basis of obviousness failed.

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### **Novelty**

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# The provisions of the Act relating to novelty

Section 18(1) of the Act provided, relevantly, that a patentable invention was an invention that, so far as claimed in any claim, when compared with the prior art base as it existed before the priority date of that claim, was novel.

# Section 7(1) of the Act provided:

For the purposes of this Act, an invention is to be taken to be novel when compared with the prior art base unless it is not novel in the light of any one of the following kinds of information, each of which must be considered separately:

(a) prior art information (other than that mentioned in paragraph (c)) made publicly available in a single document or through doing a single act;

The expression "prior art information" was relevantly defined in Schedule 1 of the Act as:

(a) for the purposes of subsection 7(1) — information that is part of the prior art base in relation to deciding whether an invention is or is not novel; and

...

The expression "prior art base" was defined in Schedule 1 of the Act in relation to deciding whether an invention was or was not novel, to mean, relevantly, "information of a kind mentioned paragraph (a)" of the definition of "prior art base". We set out that para (a) at [78] above.

# The Original

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Prior to the priority date, Mr McKinnon designed the Original. The primary Judge's reasoning in relation to the Original was referred to at [33]–[43] above. The Original had all of the integers of the claimed invention, except those of claim 14. The appellants submit that the prior art information in question was information made publicly available through the doing of two single acts by Mr McKinnon: the exposure of the Original at public events such as motocross races and jet-ski races, and disclosure to Mr Soward. The primary Judge acknowledged that the critical question for novelty purposes was whether the information available from inspection of the Original was publicly available to any one member of the

public in a way that left the person free, in law and equity, to make use of the information (at [56]).

#### The cases

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The words "publicly available" in s 7(1) of the Act did not appear in the *Patents Act* 1952 (Cth) (the 1952 Act). Under that Act, the ground of revocation was that the invention as claimed was "not novel" (s 100(1)(g) of the 1952 Act). It is common ground that in the factual circumstances of the present case, the inquiry concerning novelty is the same under the Act as it would have been under the 1952 Act. Accordingly, cases discussing that ground of revocation under the 1952 Act are apposite (*Stanway Oyster* at 580–582 per Drummond J).

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Relevant principles in determining whether a patent is revocable for want of novelty were conveniently summarised by Drummond J in *Stanway Oyster* at 580–582. The Full Court also discussed public disclosure in the context of the Act in *Jupiters*. Sections 18(1)(b)(i) and 7(1)(a) of the Act were concerned with a making available by conduct, not anticipation by conduct as such (*Jupiters* at [139]). In the absence of recent Australian decisions on the subject, the Full Court in *Jupiters* discussed the relevant authorities in the United Kingdom.

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As pointed out by Bodkin in *Patent Law in Australia* (Lawbook Co, 2008) at [3130], the similarity between the expressions "publicly available" in the Act and "made available to the public" in s 101 of the former United Kingdom Act, the *Patents Act 1949* (UK), suggests that cases decided under that Act on the issue of "publication" are of relevance. Many of the authorities are discussed in Bodkin at [3140]–[3180] and in Lahore, *Patents, Trade Marks and Related Rights* (Butterworths, looseleaf) vol 1 at [12,740].

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In respect of the issue whether information was "publicly available" before the priority date, the following principles emerge from the cases:

• The information must have been made available to at least one member of the public who, in that capacity, was free, in law and equity, to make use of it (*PLG Research Ltd v Ardon International Ltd* [1993] FSR 197 at 226 per Aldous J cited in *Jupiters* at [141]). (This test of communication to a member of the public who is free in law or equity to use the information as he or she

- pleases had been enunciated by the English Court of Appeal as early as 1887 in Humpherson v Syer (1887) 4 RPC 407 at 413 per Bowen LJ.)
- It is immaterial whether or not the invention has become known to many people or a few people (Sunbeam Corporation v Morphy-Richards (Aust) Pty Ltd (1961) 180 CLR 98 at 111 per Windeyer J). As long as it was made available to persons as members of the public, the number of those persons is not relevant. Availability to one or two people as members of the public is sufficient in the absence of any associated obligation of confidentiality (Fomento Industrial S.A. v Mentmore Manufacturing Co Ltd [1956] RPC 87 at 99–100; Re Bristol-Myers Co's Application [1969] RPC 146 at 155 per Parker LJ).
- The question is not whether access to an invented product was actually availed of but whether the product was made available to the public without restraint at law or in equity (Merck & Co Inc v Arrow Pharmaceuticals Ltd (2006) 154 FCR 31 (*Merck*) at [98]–[103]).
- In order to be "available", information said to destroy novelty must be of a kind that would disclose to a person skilled in the relevant art all of the essential features or integers of the invention (cf RD Werner & Co Inc v Bailey Aluminium Products Pty Ltd (1989) 25 FCR 565 at 593-594).
- In order to be "available", information said to destroy novelty must "enable" the notional person skilled in the art at once to perceive, to understand, and to be able practically to apply the discovery, without the need to carry out further experiments in order to arrive at that point (*Stanway Oyster* at 581–582).

The reasoning of the High Court in Cullen v Welsbach Light Co of Australasia Ltd (1907) 4 CLR 990 led to the question posed by the Full Court in Jupiters (at [144]) and can

be adapted to this case: "What information was given by the display of the Original at the motocross events as to the nature of the invention?". In Jupiters, there was mere observation of electronic gaming systems or devices. In the absence of direct evidence from a person skilled in the art of what could be gleaned from such observation, the Full Court was not

prepared to conclude that it was sufficient to constitute an anticipation. Jupiters did not

discharge its onus to establish an enabling disclosure (at [147]).

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Importantly, in the present case, it was not suggested that all that was to be gleaned by a person skilled in the art would not be gleaned from a simple visual inspection of the canopy framework.

# Did Mr McKinnon make the Original publicly available?

We summarised her Honour's findings relevant to disclosure at the race meetings at [41]–[42].

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Her Honour did not explain why the Original had not been made publicly available, either by reference to the ability of members of the public to access and inspect the canopy or by reference to the authorities relevant to the meaning of "publicly available". Moreover, she did not explain why Mr McKinnon's "retreat" from his earlier evidence eliminated the effect of his evidence not retreated from, which her Honour appears to have accepted, as evidence that the Original was made available to the public. By changing his course, Mr McKinnon might have hoped and intended that his invention could not be stolen from him and, indeed, as events transpired might have realised that hope and intention. However, his subjective hopes and intentions could not prevent the circumstances from constituting disclosure to the public if, as a matter of objective fact, they did so.

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Mr McKinnon's evidence in relation to making the Original available to the public can be seen to fall into three classes: his affidavit evidence, his earlier cross-examination and his later cross-examination (his earlier cross-examination occurred on 10 February 2006 and his later cross-examination on 10 April 2006).

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In para 15 of his first affidavit (made on 23 February 2005), Mr McKinnon said that he completed making the Original in 1984 after several months' work. He said he took it to various motocross and jet-ski races that were held annually. This may be thought to suggest that he attended annually, but in para 17 he said that in 1987 and "possibly" before that year he took the Original to the races. Accordingly, from the outset his evidence was that he took the Original to the race meetings in 1987 and "possibly" earlier.

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Mr McKinnon said that the Original was used by himself and his friends and that the pits were accessible to other competitors, race organisers and officials, and members of the public, all of whom would have seen his canopy. He stated (paras 18, 19):

- 18. During this time [in 1987 and possibly before 1987] I made no attempt to hide the canopy or how it was made. I was asked by a number of people to make canopies for them but I declined as I had other work commitments and did not have the time to make canopies. During this time my friends also told me that I should make the canopies commercially and sell them. I thought that the canopies would be too expensive, given the cost of materials and labor [sic], and therefore thought it would not be a viable commercial enterprise.
- 19. In about 1987 one of my friends visited the United States. During that visit they purchased a couple of motorbike magazines. In one of those magazines was an advertisement for a canopy made by E-Z Up Inc. The canopy being advertised was very similar to mine, although I could not tell a lot of the detail from the photograph in the magazine. ...

In a later affidavit made on 8 September 2005, Mr McKinnon rejected a suggestion that he had used his canopy only for "personal use". He stated (paras 21, 22):

- 21. ... I took the canopy I had designed to motorbike and Jetski races in the period from 1984 to 1987, including to the races named in that paragraph [paragraph 15 of his first affidavit]. The motocross race at Tucki Tucki was a local event and was attended by approximately 40 people. The Jetski race at Carbrook was also a local event and was attended by approximately 40 people. Some of the other races I attended, the names of which I no longer recall, were attended by up to 100 people.
- 22. I did not attend every motocross or Jetski race held in the Northern Rivers region in the period from 1984 to 1987. If I was not going to a race I occasionally lent my canopy to friends who were going. I can no longer recall the names of every person who borrowed my canopy between 1984 and 1987. I do recall lending it to Mr Bill and Mrs Becky McPherson of Lismore who were attending a motocross race with their children. As they used the canopy at the race they would have erected and collapsed the canopy and would therefore have become aware of the way in which it worked.

Obviously, the affidavit evidence of public availability was very strong.

In a further affidavit made on 31 January 2006, Mr McKinnon introduced a minor qualification. He said that Mrs McPherson had shown him a photograph of the canopy she and her husband had borrowed from him, and it was in fact not the Original, but the Quikshade product that had been manufactured by his company from 1988 onwards. He said that he therefore may have been mistaken when he had said previously that it was the Original that he had lent to the McPhersons.

The above account of the state of Mr McKinnon's affidavit evidence enables us to turn now to the first session of his cross-examination. It was put to Mr McKinnon that when he erected the canopy over his area in the pits, the public would have seen it from a distance

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and would have noted only the roof, four posts and an apex in the roof. He resisted this suggestion. He said that when he went to the pits and pulled out the unassembled canopy and erected it, "everyone would come over and have a look because they hadn't seen anything like it before". The following cross-examination ensued:

And when they would come and have a look, they would just, I suppose, sort of note that you had a canopy. Are you saying they looked in detail at the way it was structured and put together?---Yes, they did; they were intrigued.

Having regard to the principles set out above, we think that this was evidence that the Original was made "publicly available". It should also be noted that in his cross-examination Mr McKinnon identified photographs of the Original erected on his father's property. In the photographs it has virtually no side walls, and Mr McKinnon said that at the races it would have looked much the same. Accordingly, there would have been no difficulty in persons close enough seeing the framework, even if they were not actually under the canopy.

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Mr McKinnon agreed that it was mainly in 1987 that he took his "prototype" (ie the Original) to the race meetings. He said that it was the Quikshade product that he had lent to people (including the McPhersons), not the Original, adding that he was guarded about lending the Original because he wanted to apply for a patent in respect of it, but said "I had people wanting to borrow it". This was a further qualification to Mr McKinnon's affidavit evidence: all lending was now of the Quikshade canopy, not the Original.

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It follows from the above, that at the end of the first session of cross-examination, Mr McKinnon's evidence was that in 1987 and possibly earlier he took the Original to all three race meetings where he erected it in the pits to which other competitors, race organisers and officials and members of the public had access, that he did nothing to hide it, that there was much interest in it, that people urged him to manufacture it and that people wanted to borrow it.

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We turn now to the second session of Mr McKinnon's cross-examination. In this session, after it was pointed out to Mr McKinnon that if he had made the Original publicly available, his invention would have ceased to be novel and he would have undermined the application he made for a patent in respect of it, he plainly wished to avoid admitting that he had made it "publicly available".

Mr McKinnon now said that the Original was made in 1987 (not 1984) and that he took it to a patent attorney in that year. He agreed that he understood at that time that if he was to get a patent in respect of it, it must be new or novel and not publicly shown. It was then suggested to him that it was not the Original but the Quikshade that he had taken to the races. He disagreed. He said: "I did [take] this one [the Original] to the races. I was racing motor bikes myself and I used it". Asked whether he might be mistaken about taking the Original to the races just as he had been mistaken about lending it to the McPhersons, Mr McKinnon said that he lent the Quikshade product to the McPhersons about a year later and that although he did not use the Original a lot, he did use and test it at the races "probably only once or twice". Later Mr McKinnon asserted that the Original had not been made "publicly available" but immediately explained that what he meant was that a member of the public "couldn't buy one of them". Asked to confirm that he had shown the Original "publicly", Mr McKinnon said that he "used it". We think it plain that at this point, Mr McKinnon did not wish to be fixed with accepting or rejecting the "publicly available" concept and preferred to describe his use of it, leaving to others whether that use constituted public availability.

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Mr McKinnon denied that he was changing his evidence as to the Original being available for everyone to see and as to people coming and looking at it. Then he said that in the 1980s the pits were "sort of in a bush paddock" and he would have "kept to [himself] somewhat". He said he would have been "right up the back of the pits by [himself]" and agreed with counsel's statement that he "showed it but it was out of the public view", "before taking it to be patented".

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The respondents submit that the primary Judge's conclusion that Mr McKinnon did not make the Original publicly available is supported by the evidence. They say that the Original was only a prototype, made in 1987 and that Mr McKinnon's evidence, taken in total, was that it was used during a brief period only and that Mr McKinnon took it to the races only once or twice to test it. The respondents say that Mr McKinnon did not consider the experimental prototype to be publicly available since it was never offered for sale and emphasise that he attempted to keep it from the public by erecting it at the back of the pits and out of the public eye and that he was guarded about lending it.

It should be noted at once that Mr McKinnon did not say that he chose to erect the Original at the back of the pits in order to keep it out of public view, although it would not have made any difference if that statement of his subjective intention had been his evidence. His statements of his location "right up the back of the pits by [himself]" and his agreement that it was "out of the public view" were intended to be accounts of facts that would serve his purpose of avoiding a conclusion of public availability. Even at this point, however, Mr McKinnon added that he "showed" his canopy.

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Two things are plain. First, Mr McKinnon's subjective intention when he was at the race meetings is irrelevant. Second, certain other evidence that he gave could not preclude a finding of public availability. We place in this category his evidence that the Original was not available for purchase by the public and that in view of his location at the back of the pits the Original was "out of the public view". In the context of all of his evidence, he meant only that his canopy was not prominently displayed where "the public" (according to his understanding of that term) was.

There remained intact Mr McKinnon's evidence that:

- he erected the Original in the pits at one or two race meetings in 1987;
- other competitors, race organisers and officials and members of the public had access to the pits;
- people would come over and look at his canopy;
- people would look in detail at the way in which it was structured and put together;
- people were "intrigued" by it;
- people asked to borrow it;
- people urged him to manufacture and sell it; and
- he "showed" it to people.

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In our respectful opinion, the only correct conclusion on this evidence is that information disclosing the nature of the invention was publicly available before the priority date so as to deprive the invention of novelty.

The respondents rely on another reason why, they say, the Original was not "publicly available" for the purposes of s 7(1)(a) of the Act. They submit that Mr McKinnon's guarded use would not have been sufficient to enable the public to inspect the canopy sufficiently and was no more than *de minimis* use, which, they submit, does not deprive an invention of novelty.

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Importantly, the present submission is not that simple visual inspection was not an adequate means of giving the person skilled in the art an understanding of the invention. The case was not one in which the invention was below a surface or enclosed, for example. Rather, the submission seems to be that the disclosure was insufficient in duration and circumstance to constitute "availability" for the purposes of s 18(1) of the Act.

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The appellants, on the other hand, contend that the fact that Mr McKinnon's friends suggested that he commercialise his canopy is sufficient to contradict any suggestion of non-enabling disclosure and *de minimis* use.

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The evidence that we have already referred to at [143] above amply answers the respondents' "de minimis" submission. The primary Judge's findings with respect to Mr McKinnon's evidence and his "retreat" as to public use at the races did not expressly or implicitly reject that evidence and, in particular, the evidence that people saw the Original, sought to borrow it and urged him to manufacture it. Her Honour found that Mr McKinnon was conscious of people taking his ideas, in the context of a general public exposure (at [71]) but that does not alter his evidence. As the appellants point out, it has not been suggested that the people in question were bound by any obligation of confidentiality, or were other than members of the public. There is no basis for a finding that the public use was non-enabling or as to why it should be held to be relevantly de minimis.

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In Old Digger Pty Ltd v Azuko Pty Ltd (2000) 51 IPR 43 von Doussa J referred to de minimis use at [171], stating that "it is clear that accidental, experimental or de minimis use will not deprive an invention of novelty". His Honour gave an example where experimental use produces a product which is rejected as useless before its potential is revealed, and concluded that such experimental use may not constitute prior use, referring to Boyce v Morris Motors Ltd (1927) 44 RPC 105 (Boyce). In Boyce, Sargant LJ noted that

"...mere casual incidental and accidental involuntary use of the bulb in the air" was not prior use, where the use occurred "in the course of a completely different investigation" (at 148).

The use made of the Original, however, was not incidental use in the process of an experiment or an unrelated action. It was not use that was hidden from the public and it was not use that was accidental, unintended or secret. The respondents did not expand on why the exposure should be described as "de minimis".

The public was not denied access, and there was a means for the public to inspect the Original. There was nothing to prevent a member of the public from going to its location at the back of the pits, and examining it sufficiently to understand its construction and its component features. There is nothing in the evidence to suggest that examination would not have revealed all the integers of the claimed invention including the mounts and pins as described in the Patent specification. The information gleaned from such an inspection would, for the purposes of practical utility, be equal to that given in the Patent (*Hill v Evans* (1962) 31 LJ CL 456 at [7]; *Merck* at [111]–[112]). An inspection would enable a person skilled in the art to put the claimed invention into practice (cf Bodkin at [3790] and the cases there cited).

We turn finally to the question of disclosure to Mr Forster and Mr Soward. We referred to the relevant evidence at [34]–[35] and to her Honour's conclusion at [43] above.

The primary Judge recorded that Mr McKinnon showed the Original to Mr Forster and Mr Soward for the purposes of their assisting in the design and manufacture of the structure (at [65]). Mr Soward was the "owner" of Tom Soward Steel Fabrication Pty Ltd which was to undertake the manufacture of the brackets. Mr Forster was an employee. The primary Judge concluded that the circumstances of the collaboration were such that it could not be inferred that they were at liberty to make use of the Original. The circumstances, she said, strongly suggested that the information available from an inspection of the Original was confidential and could not be imparted to others or utilised by Mr Soward or Mr Forster (at [72]).

The appellants maintain that they did not rely on Mr Soward and Mr Forster seeing the structure in the course of design and manufacture as an instance of public use. They rely

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upon evidence not adverted to by the primary Judge concerning the showing of the Original to Mr Soward after his company had fabricated the brackets and Mr McKinnon had taken them away to assemble his canopy. This, the appellants submit, constituted an open disclosure, unaffected by any confidentiality, and a demonstration to Mr Soward of the way in which the canopy worked.

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We are not satisfied that the evidence establishes that the confidential relationship between Mr McKinnon and Mr Soward, as found by her Honour, did not still exist when Mr McKinnon showed Mr Soward the finished product. We are not satisfied that her Honour was in error in finding that the showing of the canopy to Mr Soward did not constitute a prior use for novelty purposes within the meaning of the Act, whether the demonstration was of the finished product before or after parts were manufactured by Mr Soward.

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Her Honour specifically concluded that the circumstances of the relationship with Mr McKinnon "suggest strongly that the information ... was confidential and could not be imparted to others" (at [72]). No error is shown in this conclusion or in her Honour's resolution of the issue of disclosure to Mr Soward and Mr Forster.

#### Conclusion on novelty

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In 1987, before the priority date, the Original, which contained all of the integers of the invention of the claims other than claim 14, was made publicly available by Mr McKinnon at the race meetings referred to in the evidence, and members of the public were free in law and equity to use the information disclosing the nature of the invention available from an inspection of the Original at those events.

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The primary Judge noted at [70], and it was not disputed, that the Original did not collapse in such a way that an uninterrupted rim was formed, an integer of claim 14. The appellants did not suggest to her Honour or on appeal that this integer was not essential. The respondents also submit that, as the appellants do not contend that claim 14 is anticipated, the orders made by the primary Judge should not be disturbed. As to claim 14, this depends on the conclusion as to obviousness, and we have concluded that, relevantly, the invention as claimed in claim 14 was not obvious. As to the other claims, however, we do not see why, if they are not novel, the Patent should not be revoked in so far as it relates to those claims.

# **CONCLUSION**

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For the above reasons, the appeal should be allowed, there should be an order revoking the Patent so far as it relates to all claims the subject of the proceeding except claim 14. The parties should have an opportunity to make submissions as to the orders to be made concerning claim 14 and as to costs at first instance and on appeal.