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Full Federal Court overhauls the date from which relief can be granted for innovation patent infringement

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In a significant departure from precedent, the Full Federal Court of Australia held in *Coretell Pty Ltd v Australian Mud Company Pty Ltd* [2017] FCAFC 54 (**Coretell**) that the entitlement to relief for infringement of an innovation patent begins from the date of the grant of the patent and not the application's date of filing. The Full Court's judgment essentially overturns the Federal Court's judgment on this issue in *Britax Childcare Pty Ltd v Infa-Secure Pty Ltd (No 3)* [2012] FCA 1019 (**Britax**).

Coretell concerned two innovation patents that were filed as divisional applications in relation to a standard patent application. The primary judge held that the patents had been infringed. On appeal, one of the issues raised was the date from which the respondents could obtain relief for infringement.

It was uncontested that the primary judge implicitly followed *Britax* when assessing costs from the date of filing, in this case being 5 September 2005. The appellants contended that the reasoning in *Britax* was incorrect and that the correct date should be the date of the grant of the patents, being 16 December 2010 and 15 September 2011 respectively. In response, the respondents adopted the reasoning in *Britax*.

The Full Court's reasons

The Full Court allowed the appeal on the relevant date issue for the following reasons:

1. The language of the Patents Act – section 120(1) provided that the patentee or an exclusive licensee may start "infringement proceedings", the Court found to be proceedings for the infringement of "a patent" as granted under sections 61 or 62. Section 122(1) provided relief for infringement of a patent which, under the definition of the term, meant infringement of a patent that had been *granted* under the Act.
2. Section 122(1) of the Act was to be understood as a right to relief in relation to the claims that defined the monopoly. It could not be interpreted literally to give the patentee an enforceable monopoly for an "invention" in general. Under the *Britax* construction, an act of infringement would arise before any claims had been brought into existence.
3. The Court accepted the appellants' submission that the "combined operation" of sections 13, 65, 68 and regulation 6.3(7)(c) sets limits to the window of time in which a patentee can obtain an enforceable right "subject" to the Act.

4. It was consistent with policy that the right to relief for an act of infringement is preceded by the grant of the patent and the publication of the specification and claims, regardless of whether the patent is based on a divisional application.
5. The language of the Act was consistent with the policy rationale – section 57(1) gave provisional retrospective entitlement to relief for actions prior to grant only once the patent was granted and the complete specification published.
6. Under the *Britax* construction, a patentee of a divisional standard patent would be able to secure relief in respect of a period prior to publication if based on a parent or grandparent. This would provide such a patentee with greater rights for a patent based on a divisional application. The Court held that, if such additional rights were contemplated, section 57 would have been explicitly provided for them.
7. Section 57 did not apply to innovation patents at all. At the time of amendment and the introduction of the innovation patent system, the equivalent provision for the former petty patents was removed. The Court found that Parliament had purposely decided not to include innovation patents within section 57 so that the date for which an act of infringement could be the subject of suit was the date of grant.
8. The Court accepted the appellants' submission of another "anomalous result" under the *Britax* construction. Under the *Britax* construction, a patentee may sue for infringing acts committed prior to certification but may not threaten infringement proceedings in respect of those acts prior to certification. On the other hand, the Court's preferred construction avoids such an issue.

Observations – ripples in the water

The Full Court's reasons significantly alter the status quo in claiming recovery for infringement of innovation patents. On one view, the language of section 65 of the Act identifies the date of filing (unless otherwise provided in the Regulations) as the relevant "date" of the patent. However, the Full Court's reasons were concerned with how each of the relevant sections operated together, particularly emphasising how patent rights under the Act spawned from the grant of the patent itself. Policy considerations regarding the origin and purpose of the innovation patent system also played an undeniable role in the Court's conclusions.

Whether this decision will be appealed remains to be seen. For now, it is likely to cause a few ripples in the waters of patent infringement proceedings.

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