IN THE SUPREME COURT OF NEW ZEALAND

SC 14/2005
[2006] NZSC 20

BETWEEN	PETERSON PORTABLE SAWING SYSTEMS LIMITED (IN LIQUIDATION) First Appellant
AND	CARL JAMES PETERSON Second Appellant
AND	REX CAMERON LUCAS First Respondent
AND	G W LUCAS & SONS PTY LIMITED Second Respondent

Hearing: 16 and 17 November 2005

Court: Elias CJ, Gault, Keith, Blanchard and Tipping JJ

Counsel: C L Elliot and T Jackson for Appellants
J G Miles QC for Respondents

Judgment: 30 March 2006

JUDGMENT OF THE COURT

A. The appeal is allowed.

B. Claim 7 of New Zealand Patent No 282742 is declared invalid.

C. The case is remitted to the High Court for further determination in light of this judgment, including the fixing of costs in that Court.

D. The appellants are awarded costs in this Court of $20,000 together with disbursements to be approved if necessary by the registrar. Costs in the Court of Appeal are reversed in favour of the appellants.

REASONS

(Given by Gault J)

Introduction

[1] In the context of proceedings for patent infringement and a counterclaim for invalidity we are presented only with the issue of whether claim 7 of New Zealand Patent No 282742 ("the Lucas patent") is invalid on the grounds of lack of novelty and obviousness. That presumably is because determination of that issue is the key to resolution of the dispute between the parties.

[2] The ground of invalidity of a patent for lack of novelty, whether asserted by way of defence to infringement proceedings or on an application for revocation, is provided for in s 41(1)(e) of the Patents Act 1953. It is:

> That the invention, so far as claimed in any claim of the complete specification, is not new having regard to what was known or used before the priority date of the claim in New Zealand

[3] The test for lack of novelty is a strict one. Any use or disclosure relied upon as anticipating the claimed invention must incorporate all of the features of the claimed invention. At the conclusion of a summary of the relevant principles the English Court of Appeal in *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd* said:[1]

> To anticipate the patentee's claim the prior publication must contain clear and unmistakeable directions to do what the patentee claims to have invented: *Flour Oxidizing Co. Ltd. v. Carr & Co. Ltd.* ((1908) 25 R.P.C. 428 at 457, line 34, approved in *B.T.H. Co. Ltd. v. Metropolitan Vickers Electrical Co. Ltd.* (1928) 45 R.P.C. 1 at 24, line 1). A signpost, however clear, upon the road to the patentee's invention will not suffice. The prior inventor must be clearly shown to have planted his flag at the precise destination before the patentee.

[4] Similarly, the ground of invalidity for obviousness is set out in s 41(1)(f) as:

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[1] [1972] RPC 457, 486 per Sachs LJ. The decision was subsequently reversed on other grounds by the House of Lords: [1975] 1 WLR 819; [1976] RPC 197.

> That the invention, so far as claimed in any claim of the complete specification, is obvious and does not involve any inventive step having regard to what was known or used before the priority date of the claim in New Zealand.

[5] There does not arise in this case any issue of what was or was not known or used in New Zealand before the priority date of the claim.

The claimed invention

[6] The complete specification of the Lucas patent states that the invention relates to a portable sawmill with improved lateral and longitudinal stability.

[7] By way of disclosure of the prior art the specification states:

> A timber sawing device comprising a single circular sawblade, which pivots through 90º to act in both the horizontal and vertical planes, is known. As is known, this sawblade is mounted together with an engine on a laterally movable carriage which in turn is mounted on a longitudinally movable cross-bed which may travel along two rails between which the operator has access. Again, as is known, these rails have been mounted on end frames located in a predetermined position and the rails have been manually and independently raised and lowered at the two support points on each end frame.

[8] It is common ground that this accurately describes a portable sawmill construction devised by the first appellant and sold by the second appellant. It was referred to as the Peterson standard frame mill.

[9] The Lucas patent specification then describes the invention in two broad aspects. It is the second of these that is presently relevant. This is described in terms mirrored in claim 7 which reads:

> A portable sawmill comprising first and second end frames with a pair of separate rails extending therebetween, a carriage for a prime mover and saw blade mounting movably engagable with said rails, each end frame having a pair of frame elements with a respective one of each of said rails being movably coupled via mounting means to the pair of frame elements, said rails being adjustably movable between upper and lower positions on the end frame by moving means whereby the rails can be moved in unison at each end frame to a position at or between said upper and lower positions.

[10] Because it includes no reference to stability, the relevant object of the invention against which claim 7 is to be read is that stated very generally as:

> [T]o provide a portable sawmill with improved operation and stability of the saw means, ease of erection, assembly and operation, for example, by a single operator even in rough conditions.

[11] There then follows a detailed description of one embodiment of the invention with reference to accompanying drawings. This description is designed not to limit the scope of the invention (that is the purpose of the claims), but to meet the requirement in s 10(3)(b) of the Act of disclosing the best method of performing the invention.

[12] The description does not include any specific definitions of terms used in the aspect of the invention claimed in claim 7. It does indicate particular forms that may be adopted for the broadly described and claimed features. The embodiment described is illustrated in figures 4 and 5 of the drawings which are reproduced as the first appendix to this judgment. Figure 5 is an end view showing winch means for raising and lowering the brackets holding the rails and having sleeves to slide up and down on the uprights of the end frames.

The prior art

[13] Although extensive additional material was relied upon, it is sufficient for this judgment to refer to the prior use in New Zealand of the Peterson standard frame mill and to the published description (in United States Patent No 5,046,391) and use in New Zealand of the Lewis portable sawmill.

[14] The Peterson standard frame mill was, as already stated, described as prior art in the Lucas patent specification. It was a simple light-weight construction with open end-frames to allow operator access to the saw and required the rails carrying the saw-carriage to be raised or lowered manually at each corner. This required lock bolts to be loosened, the rail moved and the bolts to be tightened again.

[15] The Lewis mill was described by reference to accompanying drawings in the United States patent. Figures 1 and 4 are reproduced as the second appendix to this judgment. The description of the preferred embodiment in the United States specification includes these passages:

> The beams 15 thus have rigidity and strength in both the horizontal and vertical directions. The beams 15 are supported in spaced relation only at each end, as hereinafter described, to provide completely open space therebetween extending substantially the whole length of the beams. The upper member of each beam 15 is continuous and provides a track 4, extending the length of the beam 15, that supports the motor and saw assembly 8 as hereinafter described.
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> …
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> It will thus be seen that the respective ends of the beams 15 can be removably attached to the beam carrier 58 of each of the pair of end frames 9 so that the beams 15 will maintain the tracks 4 carried by the beams in a parallel disposition in a common generally horizontal plane. It will further be seen that once the beams 15 have been assembled to the respective end frames the height of the tracks 4 above the ground, and the lateral position thereof, can be adjusted by the height adjustment of the cross beams 54 on the end frames, and the lateral adjustment of the beam carries 58 on the cross beams.
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> …
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> In view of the combined weight of the cross beams 54, the longitudinal beams 15 and the motor and saw assembly 8 seated thereon, it is preferable to incorporate in the end frames 9 a winch mechanism as indicated diagrammatically at 72 to assist in the raising and lowering of the cross-beams 54 when the height of the motor and saw assembly is being adjusted.

The High Court judgment[2]

[16] Fisher J heard evidence and argument directed to wider issues than we are concerned with. It is necessary to summarise his reasons only on the matters of immediate relevance.

[17] Fisher J held that claim 7 was not anticipated by the use or publication of either the Peterson standard frame mill or the Lewis mill. His conclusions rested heavily on his construction of the claim. He considered that the claimed feature of "separate rails", in its context, meant that "[t]he rails must be so unconnected that

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2 [2003] 3 NZLR 361.

they would need to be raised and lowered independently but for the moving means that allows them to be moved in unison".[3] He said that "[i]f, quite independently of the winding mechanism, the rails were so connected that raising one would automatically raise the other, it could not be said that they were 'separate' for present purposes".[4] Next the Judge construed "mounting means" as "any support on which a rail is fixed".[5] The term "moving means" he interpreted as requiring "some form of mechanical device interposed between the activities of the human operator on the one hand and the movement of the rails on the other and having that movement as its primary function".[6]

[18] On his interpretation of claim 7 the Judge found that the Peterson standard frame mill did not disclose any moving means for adjusting the vertical height of the rails, let alone a moving means that effected the adjustment in unison.[7]

[19] He found the Lewis mill did not anticipate claim 7 on two grounds.[8] First, he said it did not disclose separate rails because the Lewis rails are joined by cross members at each end to form a single unit. Secondly he said that the Lewis rails are not movably coupled via mounting means to the pair of end frame elements.

[20] In his assessment of the claims of obviousness, the Judge relied particularly upon evidence of Mr Stevens, a registered engineer and consultant mechanical engineer with experience in the design of sawing and shaping machines more particularly for heavier industrial applications. The Judge was impressed by the fact that no-one before Mr Lucas had devised the particular package or combination of features embodied in the Lucas mill. He was impressed also with the evidence of Mr Stevens that those mills that did involve mechanised lifting means incorporated them to serve purposes different from that which motivated Mr Lucas towards his construction. The Judge said:[9]

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3 At [48].
4 At [48].
5 At [49].
6 At [52].
7 At [59].
8 At [61]-[62].
9 At [86].

> I prefer the opinion of Mr Stevens and Mr Hutchison that however simple the solution may now appear, it was not obvious at the time. In the words of Mr Stevens:
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> > The sawmills to which Dr Van Wyk refers all show a mind set of the industry to the use of a lifting and lowering mechanism for each structural unit. Therefore, if a skilled person was using the simple engineering techniques which Dr Van Wyk claims to have been well known in the industry the skilled person would have used a winch or equivalent mechanism to raise and lower each of the rails. What Mr Lucas did was radically depart from this mind set and use a single mechanism to move a pair of independent structures namely the two separate rails into an adjusted position.

The judgment of the Court of Appeal

[21] The Court of Appeal reviewed the conclusions of Fisher J against the arguments advanced but were not persuaded he had erred in his reasons. The Court dismissed the appeal.[10]

Construction

[22] As the Patents Act makes clear, the applicant for the grant of a patent defines the scope of the invention in respect of which the statutory monopoly is claimed in a claim or claims at the end of the specification (s 10). The claims must be clear and succinct and fairly based on the disclosure in the specification. Conventionally there is a series of claims directed to aspects of the invention. They reflect the skill of the drafter who seeks to claim as widely as possible to encompass potential infringements but avoiding such width as may be invalid. Claims usually are drawn in increasing detail often (as here) ending with a narrow claim to the specific embodiment described in the specification and any drawings.

[23] Although it is not the first claim, claim 7 is the widest in the Lucas patent. The reasons for that need not detain us. It is preceded by claims 1 to 6 which are directed to more detailed aspects of the invention not included in claim 7 and not directly relevant to what we must decide. It is plain that claim 7 has been drawn as

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[10] CA64/03, CA97/03 4 March 2005, Anderson P, McGrath J and Glazebrook J.

specifying in very broad general terms the elements of the invention to which it relates. For example the "substantially rectangular end frames" of claim 1 are generalised to simply "end frames", and the "winding means" of claim 1 is abstracted to "moving means". The claims after claim 7 (except for the last claim 20) are essentially dependent upon claim 7 and introduce greater specificity to elements included in claim 7. For example the "moving means" and "mounting means" are given more detail, and bracing means are introduced.

[24] The broad language of claim 7 represents the patentee's objective of defining the scope of the monopoly as widely as possible consistent with the disclosure in the body of the specification. If valid, everything that is encompassed by the claim will infringe the monopoly. On the other hand, if anything encompassed by the claim is not new or is obvious the claim is invalid.

[25] The first and essential step therefore is to construe the claim. Construction is a matter of law for the court.

[26] A patent specification is to be read as a whole and given a purposive construction.[11] It must be construed as it would be understood by the appropriate addressee – a person skilled in the relevant art.

[27] Each part of the specification is to be read objectively in its overall context and in light of the function of that part. The claims are to be interpreted by reference to the object and description in the body of the specification.

[28] The claims define the scope of the monopoly conferred by the patent. They limit what others may do. They must clearly define the protected field so others may fairly know where they cannot go. The description in the body of the specification may assist interpretation but it cannot modify the monopoly the inventor has clearly marked out. If his claim is formulated too narrowly so that imitators do not infringe, that cannot be rectified by reference to the description. If it is too wide, consequent invalidity cannot be saved by reading in limitations appearing in the description. The description of a preferred embodiment of the invention is just that and plainly

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[11] *Terrell on the Law of Patents* (16 ed 2005) at [6-101] et seq.

will not confine the scope of an invention claimed more broadly. All of this is well established.[12]

[29] Claim 7 does not contain any difficult technical terms. Nor, as already mentioned, are there any relevant express definitions in the body of the specification. In fact the description in the body of the specification providing the basis for claim 7 comprises no more than the consistory clause in identical terms to the claim. The description of the preferred embodiment indicates particular forms the broadly claimed features may take, but that does not limit the scope of those features as claimed. In fact, therefore, there is little in the description that might assist construction of claim 7.

[30] The separate integers of the claimed portable sawmill and their inter-relationship can be broken down as follows:

1. First and second end frames.

2. A pair of separate rails extending between the end frames.

3. A carriage for a prime mover and saw blade mounting movably engagable with the rails.

4. Each end frame has a pair of frame elements to one of which each of the rails is movably coupled via mounting means.

5. The rails are adjustably movable between upper and lower positions on the end frames by moving means whereby the rails can be moved in unison at each end frame to and between upper and lower positions.

[31] The fourth integer has here been expressed differently from the wording of the claim to side-step an issue of ambiguity that is not before us.

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[12] *Glaverbel SA v British Coal Corp* [1995] RPC 255, 268-270, 280-281 (CA); *British Hartford-Fairmont Syndicate Ltd v Jackson Bros (Knottingly), Ltd* (1932) 49 RPC 495, 556 (CA); *Norton & Gregory Ltd v Jacobs* (1937) 54 RPC 271, 276 (CA); *ConoCo Specialty Products (Inc) v Merpro Montassa Ltd* [1994] FSR 99, 106 (OH); *Smale v North Sails Ltd* [1991] 3 NZLR 19, 29 (HC); *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd* [2005] RPC 169 (HL); [2005] 1 All ER 667 at [18]-[35].

[32] Three matters of interpretation were the subject of argument – the first related to the adjective "separate" describing the rails, the second to whether "coupled via mounting means" requires the rails to be directly coupled to the end frame elements, and the third to whether the "moving means" must constitute part of the sawmill and must be in the nature of a mechanical device.

[33] It is immediately apparent that there are many constructions that would be within the broad words of this claim. What is to be decided is whether any constructions known or used in New Zealand before the priority date of the claim, or any obvious variants, fall within it. Only to that extent is it necessary to determine the scope of the claim.

Novelty

[34] It is common ground that the description at the beginning of the patent specification of what was known represents the "standard frame" sawmill that had been available in New Zealand before the priority date. The feature of claim 7 said not to have been part of the standard frame mill, and therefore novel, is that claimed as "said rails being adjustably movable between upper and lower positions by moving means whereby the rails can be moved in unison".

[35] In the standard frame mills the rails were raised and lowered manually. The operators loosened lock bolts, lifted or lowered the rails by sliding the sleeves on which they were mounted up or down the vertical sides of the end frames to new positions where they were again locked.

[36] Mr Peterson gave evidence that two operators working together could adjust the rails up or down at each end in unison. In fact he demonstrated to the High Court how one operator could achieve this effect by loosening the lock bolts and tilting the end frame. His contention was that operators were encompassed by the term "moving means" in the claim.

[37] Dr van Wyk, who gave expert evidence for the respondents, had a more sophisticated approach. It is summarised in his brief of evidence as:

> In the Standard Frame the two rails are height adjustable in that they can be manually set at different heights along the uprights of the end frames. The rails can be raised or lowered in unison if two or more operators lift and move the rails at the same time. Claim 7 does mention a "moving means". I interpret that phrase as being wide enough to cover a winch mechanism for moving the rails (or in other words the tracks) up and down. While the Standard Frame does not have a winch mechanism – ie because the Standard Frame's tracks or rails are moved up and down manually, I regard the term "moving means" as very wide, so much so that it covers anything which effectively facilitates movement of the rails. The Standard Frame's sleeve-like mountings, which incorporate brackets for the rails, can be gripped and manually caused to slide up and down on the end frames. I am also aware that the Standard Frame does have adjusting means to control the distance the rails are moved to ensure the rails can be moved in unison.
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> Because moving the Standard Frame's sleeve-like couplings causes the rails to move, I interpret the sleeve-like couplings to be "moving means" in addition to them being a "mounting means" (ie something that mounts the rails to the end frames). The Standard Frame's sleeve-like couplings thus serve a dual purpose. It is accordingly my view that the Standard Frame has feature 4 of claim 7.

[38] That view was subjected to strong cross-examination and was rejected by Fisher J. He said that:

> In my view the phrase "moving means" in that context, particularly in association with the further element "in unison", implied some form of mechanical device interposed between the activities of the human operator on the one hand and the movement of the rails on the other, and having that movement as its primary function. I cannot imagine any skilled addressee inferring that a mere bracket or collar on which the rail was sitting is a "moving means" for this purpose. An object of that kind, while capable of being moved by human hand, is wholly or primarily part of the machine for the purpose of supporting the rails in a stationary position, not moving them. "Moving means" is concerned with movement, not static position. The relevant meaning appears to be a mechanical device whose sole or primary function is to produce or promote movement in the rails. Examples would include lifting devices such as winches, sprocket chains, threaded adjustment rods and hydraulic rams.

[39] In argument in this Court Mr Elliott pressed the view of Dr van Wyk. We accept that "moving means" is very broad and could convey the sense of means by which something can be moved. Mr Miles QC referred by way of analogy to the term "adjustment means". But that too can describe a device by which something can be adjusted. In athletics, high jump apparatus must have adjustment means for

raising and lowering the bar. If "moving means" is construed similarly, the approach of Dr van Wyk is at least tenable. Context must be considered. In claim 7 the rails are movable "by moving means whereby the rails can be moved" which is not inconsistent with the moving means either effecting the movement or merely facilitating it. On that construction both would be included and therefore claimed. That still leaves the requirement of the claim that by the "moving means" the rails are adjusted in unison.

[40] The wording of the claim does not require the moving means to be part of the claimed sawmill, such that the means by which the movement is effected is integral to the construction. Nor is "moving means" necessarily singular.

[41] A difficulty with the view that the wording contemplates some mechanism or device, albeit manually operated, is to know how far the monopoly would extend. Clearly, it would extend to manually turned winches or jacks, but what of simple leverage, as with a bar? If an operator placed a beam across beneath the rails and lifted that with a jack the claim would be met, but what if he, alone or with assistance, merely lifted the beam thus raising the rails in unison. It is difficult to see that "moving means … in unison", broad language, deliberately selected, should be given other than a broad meaning. But, having regard to the express disclosure in the specification that manual adjustment was known, it was open to the Judge to conclude that a skilled addressee would not read claim 7 as extending to two men working together but each manually lifting one of the rails or one man tilting the end frame so that loosened rails would move to a different position.

[42] We therefore agree that the Peterson standard frame sawmill is not an anticipation of the invention claimed in claim 7.

[43] We turn to the issue of anticipation by the prior disclosure and use in New Zealand of the Lewis sawmill. This construction was known in the market and competed successfully against the Peterson standard frame mill. It has a pair of parallel rails extending between end frames with a saw carriage running on and between the rails. The rails were demountably attached at each end to a frame which in turn was mounted slidably on cross beams which were secured to sleeves by

which the cross beams could move up and down on the vertical sides of the end frames. This construction enabled the rails carrying the saw to be adjusted both vertically and horizontally in relation to the end frames. At the top of each end frame there was a winch mechanism by which a cylindrical bar across the frame could be rotated to wind or unwind cords or the like attached to the sleeves so as to lift at both sides of the end frame the cross beams and thus the rails.

[44] Reading claim 7 against the Lewis sawmill Fisher J concluded that in the Lewis mill the rails were not "separate" in the sense that term is used in the claim and that the rails were not movably coupled via mounting means to the end frame elements.

[45] The Judge, after analysing the claim and its context, concluded that the term "separate" requires that the rails "must be so unconnected that they would need to be raised and lowered independently but for the moving means that allows them to be moved in unison". With respect to the Judge, we consider he has read into the claim more than is there and has limited the claim by reference to the description, including that of the prior art, in the body of the specification. The scope of the claim must stand on its own wording. We do not accept that the word "separate" would be redundant if it had been intended to convey merely that the rails are separate entities. The requirement that the rails are separate can be quite fairly construed as relating to the need for the saw carriage to move along and between them. The rails must also be separate from the end frames in order that they may be movably coupled to elements of those end frames.

[46] While it is claimed that the rails can be moved by the moving means in unison, it is not claimed that without the moving means the rails could be raised and lowered independently. In fact, it can be noted, that once assembled as a sawmill, the Lucas construction, as described, would not enable the rails to be raised or lowered independently.

[47] On the interpretation of the word "separate" we prefer, the claim reads directly on to the Lewis mill which has rails extending between end frames, spaced apart with a saw carriage running along and between them.

[48] The Lewis mill has end frames with moving means whereby the rails are raised and lowered in unison. The issue is whether the rails attached to the beam carrier which in turn is mounted on cross beams movably coupled to vertical end frame members fall within the claim. The claim specifies a respective one of each of the rails being movably coupled via mounting means to one of the end frame elements. Mounting means may be singular or plural. The combination of the beam carrier and the cross beams which are attached to the sleeves which slide vertically on the end frames quite reasonably meets the wording of mounting means by which each of the rails is coupled to the end frame elements.

[49] Fisher J concluded:[13]

> In my view, the combination of cross-frame, beam carrier, horizontal projecting bars, and vertical pins involves too many distinct members, and too many moving parts, to be collectively described as a "mounting". I do not consider that an engineer skilled in the art of making sawmills would consider that it fell within the wording of claim 7 in that respect.

[50] Treating "mounting means" as equivalent to "a mounting" is to exclude the plural of the former expression, which is within the claim. Specifying two elements as coupled via mounting means is to employ language much wider than specifying that one element is mounted on the other.

[51] Accordingly we conclude that the construction of the Lewis sawmill as used in New Zealand and described in United States Patent 5,046,391 published in New Zealand before the priority date of the Lucas patent anticipated claim 7 which is therefore invalid for lack of novelty. That the Lewis construction also has additional features does not affect that.

Obviousness

[52] Having concluded that claim 7 is invalid for lack of novelty strictly it is unnecessary to consider obviousness but it may be helpful if we do so.

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[13] At [62].

[53] It was contended by Mr Elliott for the appellants, we think fairly, that it is not correct, as a general principle, to say, as the Judge did, that the distinction between novelty and obviousness is a question of degree rather than classification. We consider it preferable to approach these two grounds of invalidity separately and to maintain the clear conceptual distinction between them.[14]

[54] The law in New Zealand on obviousness was reviewed by the Court of Appeal in *Ancare New Zealand Ltd v Cyanamid of NZ Ltd.*[15] It was determined that the principles are the same as those adopted in England and applicable still under the Patents Act 1977 (UK) (which gave effect to the Convention on the Grant of European Patents). We heard no argument that we should depart from those principles. They are clearly set out in the judgments in *Windsurfing International Inc. v Tabur Marine (Great Britain Ltd)*[16] and *Mölnlycke AB v Procter & Gamble Ltd (No 5).*[17]

[55] In the second of those cases the Vice-Chancellor, for the Court, stated the appropriate test as whether, having regard to the state of the art at the relevant time, the alleged inventive step would be obvious to a person skilled in the art. He emphasised that while evidence of expert opinion on that question almost invariably will be required, all other evidence is secondary. He referred to the need to keep firmly in place evidence of such matters as the failure of others to hit upon the alleged obvious invention, commercial success and the circumstances of particular individuals in the field.[18]

[56] In this case an additional factor to be considered is the approach to obviousness in the case of a claimed invention consisting of a combination of known

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14 *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd* (2004) 217 CLR 274 (HCA) at [43], [46], [48].

15 [2000] 3 NZLR 299, 309 per Gault J, upheld on appeal to the Privy Council: *Ancare New Zealand Ltd v Fort Dodge New Zealand Ltd* [2002] UKPC 8; noted [2002] 2 NZLR 721.

16 [1985] RPC 59, 73-74 (CA).

17 [1994] RPC 49, 112-115 (CA).

18 At 113.

elements. On this point a recent decision of the House Of Lords, *Sabaf SpA v MFI Furniture Centres Ltd*,[19] is helpful. Lord Hoffmann, with whom the other Law Lords agreed, rejected the proposition favoured in the Court of Appeal that where the claimed invention comprises the collocation of two known concepts what must be considered is whether it would be obvious to a person skilled in the art to combine those concepts. Lord Hoffmann, after noting that the principles applied in the European Patent Office are the same as the pre-1977 United Kingdom law (which was based on identical statutory provisions to those in New Zealand), said:[20]

> In my opinion the approach of the Court of Appeal is contrary to well established principles both in England and in the European Patent Office, as stated in the quotation from Lord Tomlin and the EPO Guidelines to which I have referred. I quite agree that there is no law of collocation in the sense of a qualification of, or gloss upon, or exception to, the test for obviousness stated in s.3 of the Act. But before you apply s.3 and ask whether the invention involves an inventive step, you first have to decide what the invention is. In particular, you have to decide whether you are dealing with one invention or two or more inventions. Two inventions do not become one invention because they are included in the same hardware. A compact motor car may contain many inventions, each operating independently of each other but all designed to contribute to the overall goal of having a compact car. That does not make the car a single invention.
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> Section 14(5)(d) of the Act provides (following art.82 of the EPC) that a claim shall "relate to one invention or to a group of inventions which are so linked as to form a single inventive concept". Although this is a procedural requirement with which an application must comply, it does suggest that the references in the Act to an "invention" (as in s.3) are to the expression of a single inventive concept and not to a collocation of separate inventions.
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> …
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> If the two integers interact upon each other, if there is synergy between them, they constitute a single invention having a combined effect and one applies s.3 to the idea of combining them. If each integer "performs its own proper function independently of any of the others", then each is for the purposes of s.3 a separate invention and it has to be applied to each one separately. That in my opinion, is what Laddie J. meant by the law of collocation.

[57] In that case the invention claimed, in a gas burner, employment of the known concepts of drawing air from above the hob unit and of using a flow path under the flame spreader in which a necessary Venturi effect was present. The advantage was

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19 [2005] RPC 209.

20 At [24]-[26].

to provide a burner of very low height suitable for modern gas ovens and separate hob units. The two concepts identified had no effect on each other. Each performed its known function. There was, therefore, no invention in combining them.

[58] We do not need to decide in this case whether, and if so in what circumstances, there might be exceptional cases in which there could be an inventive step in identifying and combining known features.

[59] It this case, it was acknowledged in the patent specification that a portable sawmill construction such as the Peterson standard frame was known and used in New Zealand. This had all of the integers of claim 7 of the patent except that the rails were not vertically adjustable by moving means in unison. The Lewis portable saw mill, also known and used in New Zealand, incorporated a winch mechanism by which rails carrying a saw carriage could be raised and lowered in unison. The claimed Lucas invention combined the features of the Peterson standard frame mill with a feature of the Lewis mill to produce a "package", said to be non-obvious and inventive. That cannot be reconciled with the decision of the House of Lords in *Sabaf*, which was delivered while judgment was reserved in the Court of Appeal in the present case and seemingly was not referred to that Court. (Its judgment refers only to the English Court of Appeal *Sabaf* judgment, reversed by the House of Lords.)

[60] It is not claimed in the Lucas patent that there is interaction in the nature of synergy between the concept of separate rails (as used in the Peterson standard frame mill) and the concept of providing moving means by which the rails can be raised or lowered in unison (as in the Lewis mill). Each of the known features performs its known function, just as in the *Sabaf* case. Neither incorporates an inventive concept. Combining them cannot amount to an inventive step.

[61] Even if it were accepted that, in rare cases, there could be inventiveness in combining known mechanical features without synergistic interaction, this could not be such a case. There cannot be said to be an inventive step in mechanising by standard means, such as a winch, a construction operated manually. Nor could there

be an inventive step in taking the Lewis mill, dispensing with the facility to move the rails horizontally, and coupling the rails directly to the vertical sides of the frames.

[62] Fisher J was impressed with evidence that the Lewis mill required the rails to be raised in unison for a purpose different from that which led Mr Lucas to introduce that feature. But purpose is irrelevant. If it is an obvious step for one purpose it is not inventive to do the same thing for another.[21]

[63] Fisher J was also influenced by evidence that no one had previously combined the separate features. That is a point that tends to elide novelty and obviousness. He also placed weight upon evidence of the effectiveness and commercial success of the "package" produced by the respondents. Such evidence must be considered with care. Having reviewed what the witnesses said, it appears to us that they did not distinguish between the sawmill construction marketed by the respondents and the combination of features claimed so broadly in claim 7. There were numerous features of the Lucas construction not included in claim 7. Some are described in the patent specification and included in other claims. The "package" successfully marketed was not the appropriate focus for expert opinion. Even Mr Lucas, as recorded by Fisher J, emphasised the advantage of a "walk through frame", but claim 7 makes no mention of that. In similar vein, Mr Stevens was impressed with the stability produced by a cantilever effect resulting from the use of an endless chain running round an idler wheel and exerting downward pull on the rails. There is no mention of that in claim 7.

[64] When, in the course of cross-examination, Mr Stevens was asked to focus on the claimed inventive concept of providing means for raising and lowering the rails in unison, he came very close to accepting that, if some means were required to facilitate operation of the Peterson standard frame mill, it would be obvious to use winding means which were known. He accepted there would have been the two options of raising and lowering the rails separately or together. The notes of evidence record the following:

> You would have chosen one not the other? I don't know what I would have chosen, it wouldn't have been immediately obvious to come up with

[21] *Hallen Co v Brabantia (UK) Ltd* [1991] RPC 195, 216 (CA); *Ancare New Zealand* at [63].

> simultaneous lifting, I know from experience that simple arrangements such as this are the produce of long thought and it wouldn't have been the first thought to come to mind, it might if I had had direct hands on experience with the standard frame but even then I can't be certain that I would have gone from the first to the second option.

[65] The notional person skilled in the art is expected to consider what is known or used in the field and to consider how that might be employed. It cannot be that a step is obvious only if it is first among available options.

[66] We are satisfied that claim 7 fails also on the ground of obviousness.

Result

[67] The appeal is allowed. There will be a declaration of invalidity of claim 7 and the case is remitted to the High Court for further determination in the light of this judgment.

[68] The appellants are entitled to costs. The order for costs made in the Court of Appeal is reversed in favour of the appellants. The costs in the High Court should be dealt with in that Court. In this Court the appellants are awarded costs of $20,000 together with disbursements, approved if necessary by the Registrar.

Solicitors:
Gaze Burt, Auckland for Appellants
Simpson Grierson, Auckland for Respondents

APPENDIX A: The Lucas Mill drawings

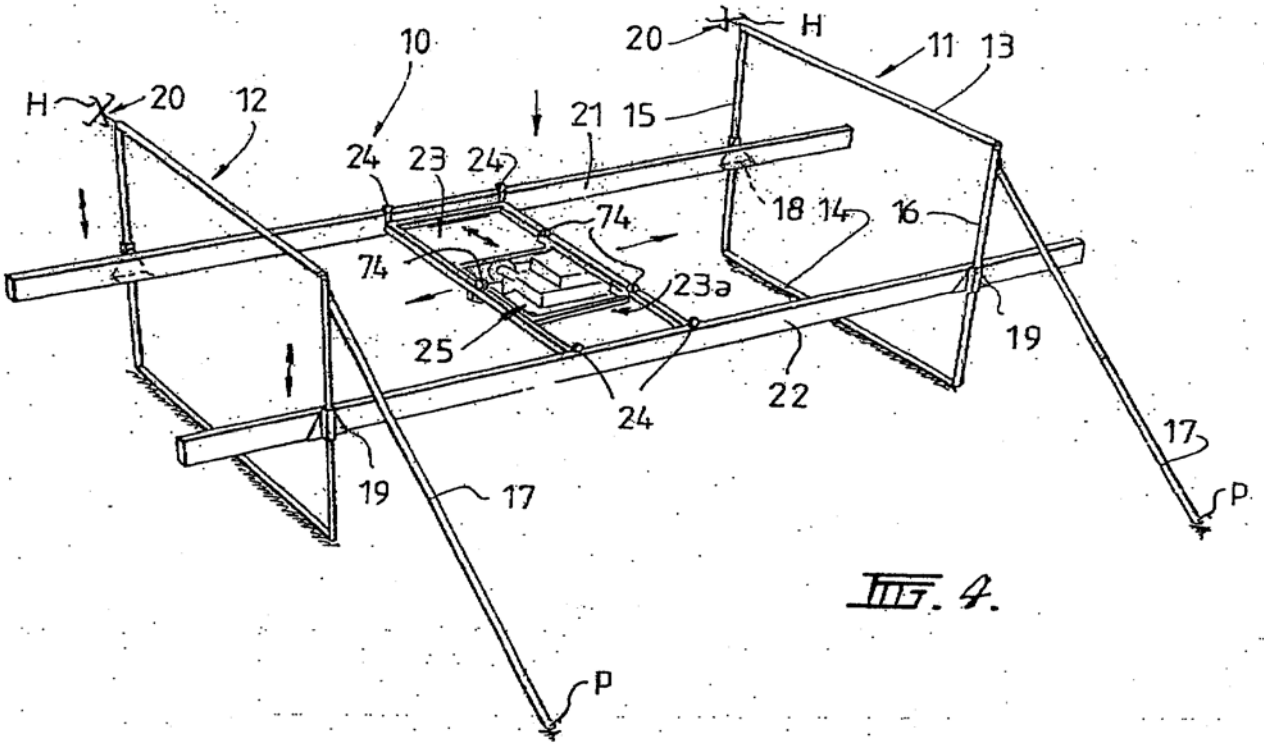

FIG. 4.

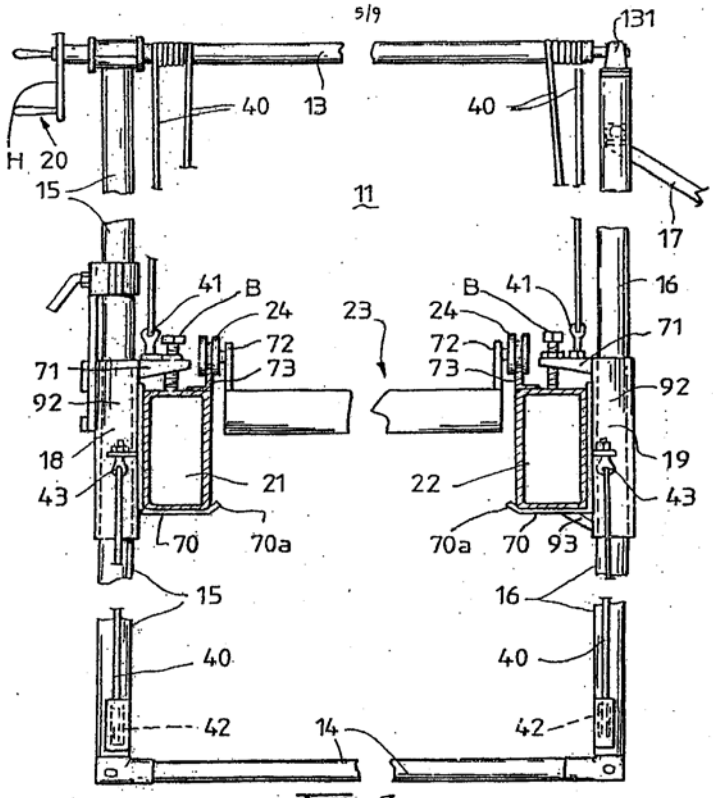

FIG. 5.

APPENDIX B: The Lewis Mill drawings

Fig. 1

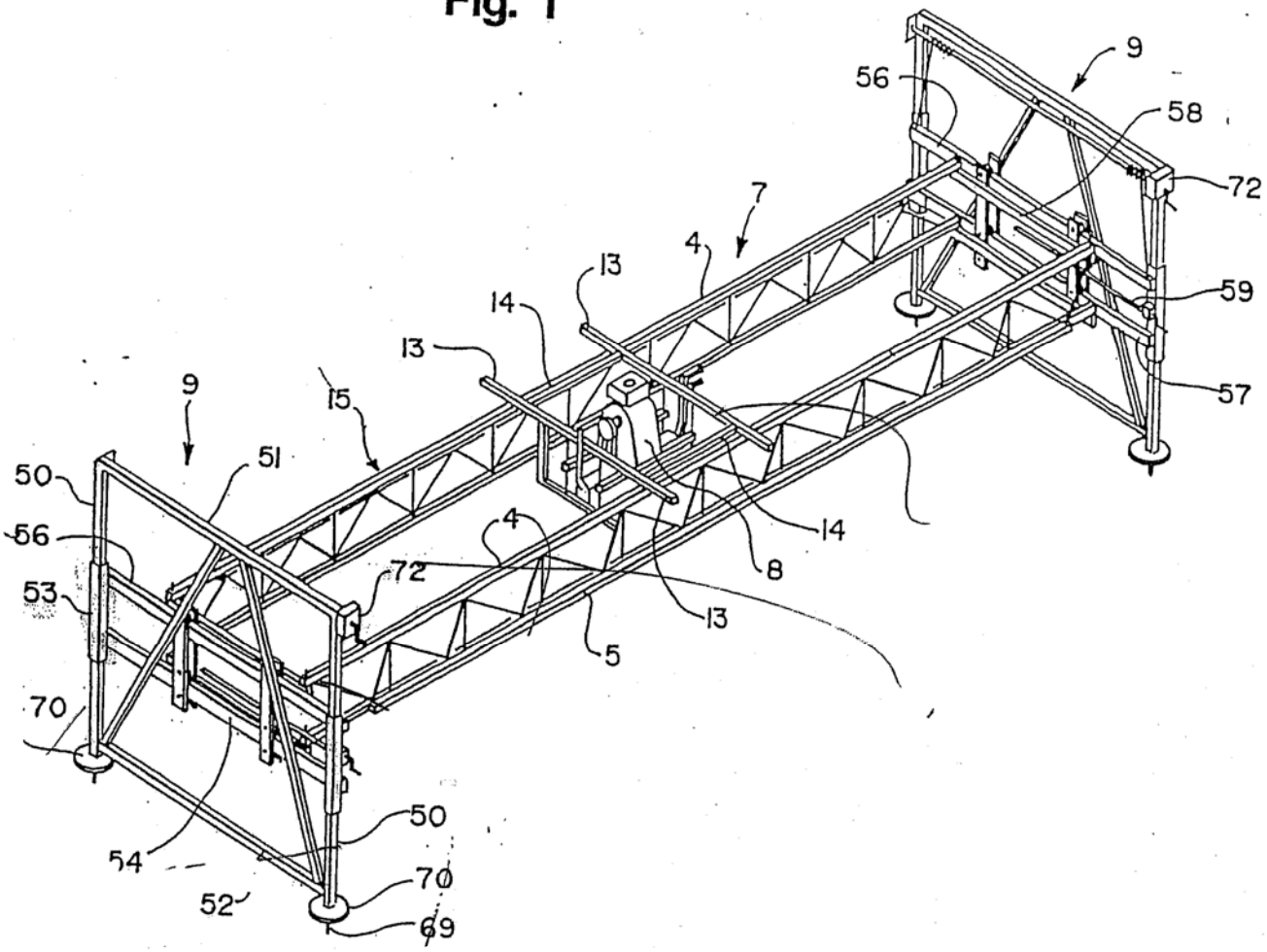

Fig. 4