

Prior art searching: the importance of due diligence in R&D processes

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Time and costs spent searching existing publications and patent registers can avoid costly mistakes when acquiring or licensing technology from a third party, or before undertaking a significant R&D program or an extensive patent filing strategy. If the technology in question is anticipated by these earlier publications, then the value of the transaction or the merit of the R&D program or patent filings may be critically reduced.

Valid patents can only be obtained for subject matter which is industrially useful, novel and involves an inventive step. This latter criteria can be defined as a non-obvious improvement which provides an advantage over known (published or used) technology. Currently New Zealand has a "local novelty" standard which means that the novelty of an invention is determined by what is known in *New Zealand* prior to the priority date of a patent application. Availability on the internet in New Zealand is also considered a form of publication in this country.

In addition, examination of a patent in New Zealand currently involves a consideration of novelty but not usefulness or inventive step. However, the claims of an accepted patent must include subject matter which is industrially useful and inventive for the patent to be valid. Whereas novelty is determined by whether the proposed invention has at least one new feature over similar technology, inventive step is assessed on whether the proposed invention is an obvious modification of known technology, even if novel.

The need to conduct thorough prior art searching will become more critical in the future because of changes to patent laws that will take effect once the new Patents Bill is enacted in early-mid 2011. The Bill will make significant changes designed to provide greater conformity with aspects of the Australian and United Kingdom patents legislation.

One of the significant changes proposed in the Bill is that the standard of "local novelty" in determining what is relevant prior art for assessing patentability will be replaced with an "absolute novelty" standard. Under the Bill the novelty threshold will be widened to what is known *worldwide* prior to the priority date.

A further proposed change in the Patents Bill is that examination of a patent application will include a consideration of inventive step and usefulness, as well as novelty. This higher inventive step threshold will make examination more rigorous and therefore place greater emphasis on carrying out due diligence prior to filing a patent application.

Preliminary searching conducted in-house using one or more of the online patent office databases is strongly recommended before committing to more exhaustive commercial searching conducted by a patent attorney. The time and cost spent understanding the prior art may prevent you from conducting redundant R&D and/or proceeding with patent filings where protection will not ultimately be obtained, or protection obtained is weak or unenforceable and therefore of little commercial value. In addition, the searching may reveal any likely infringement issues in relation to existing patents by use of the technology in the marketplace.