## Article Information

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# Not the Final Algorithm: The Full Court's Approach in Aristocrat

#### Introduction

The appeal decision of *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents*[1] before the Full Federal Court is the latest chapter in the debate about the patentability of computer-implemented inventions in Australia.

This long-running dispute concerned whether claims in four innovation patents filed by Aristocrat relating to software in electronic gaming machines (**EGMs**) constituted a "*manner of manufacture*" under s 18(1A)(a) of the *Patents Act 1990* (Cth) (**Act**). Following the equally split High Court decision in 2022,[2] there remained considerable uncertainty about the circumstances in which computer implemented inventions should be patentable.

Ultimately, the Full Court allowed Aristocrat's appeal, setting aside the primary judge's finding of invalidity, and held that the claimed inventions were patentable subject matter. In reaching their decision, the Full Court addressed both substantive patent law and doctrinal questions regarding precedent and the consequences of a remittal following an equally split High Court.

#### Background Facts and Procedural History

The appellant, Aristocrat Technologies Australia Pty Ltd, is a major developer of electronic gaming machines. The respondent was the Commissioner of Patents.

As mentioned, this dispute concerned four innovation patents[3] which claimed particular configurations of EGMs, each entitled "*A system and method for providing a feature game*".[4] The relevant claims were directed to physical gaming machines with specified hardware and software components.

The Commissioner's delegate revoked the relevant claims under s 101F(1) on the basis that they were not directed to a manner of manufacture.[5] Aristocrat successfully appealed at first instance before Justice Burley, who held that the claimed EGMs involved a physical device of a "*specific character*" that was patentable.[6]

The Commissioner appealed to the Full Court, which allowed the appeal.[7] The majority of the Full Court, Middleton and Perram JJ, held that the invention did not involve an advance in computer technology but was merely the use of conventional hardware to implement a game. The Full Court remitted the matter back to Burley J for consideration of outstanding issues in light of its reasons.[8] Aristocrat then appealed to the High Court.

The High Court was equally divided. Six justices heard the case and they were equally split in opinion in the judgment that was subsequently delivered on 17 August 2022.[9] Chief Justice Kiefel, Gageler and Keane JJ held that the claims were not a manner of manufacture and that the appeal should have been dismissed,[10] while Gordon, Edelman and Steward JJ held that the claims were a manner of manufacture and that the appeal should be allowed.[11]

As a result of this split decision, pursuant to section 23(2)(a) of the *Judiciary Act 1903* (Cth), the Full Court's earlier orders were affirmed which included an order for the matter to be remitted to the primary judge to determine residual issues "*in light of the Full Court's reasons*".[12]

The primary judge, Justice Burley, found that the claims were not a manner of manufacture, relying on the earlier decision of the Full Court.[13] The appeal from the decision of the Commissioner's delegate was dismissed.[14] Justice Burley's decision was again appealed to the Full Court which had to contend with the conflict of authority between its earlier decision and the High Court's split decision.[15]

This procedural quirk gave rise to two key legal issues:

a. how the doctrine of precedent applies when the High Court is equally divided and remits a matter; and
b. ultimately, whether the subject matter of claimed inventions were a patentable manner of manufacture.

#### Analysis & Decision

### Equally Split High Court Decision

The Full Court addressed the precedential consequences of the High Court being evenly divided. The Court noted that, in such circumstances, the orders of the lower court are affirmed,[16] but no binding precedent is created in the High Court.[17] Only a unanimous or majority decision of the High Court has binding authority,[18] and the effect of s 23(2) of the *Judiciary Act* does not give the members of the High Court who favoured the disposition of that matter any special status.[19]

Importantly on the point of *stare decisis*, the Full Court noted that "***it is the reasons, not the outcome**, of judgments which gives them **precedential significance**, whether by way of ratio decidendi or obiter dicta*."[20] (emphasis added)

The Full Court approved of the manner in which the primary judge, Justice Burley, dealt with the remittal from the High Court. As the High Court judgment did not create a binding decision, Justice Burley was bound by the earlier decision of the Full Court which held that the claims were not patentable,[21] even though all six judges of the High Court had disapproved of the Full Court's earlier decision. Justice Burley's position in the judicial hierarchy prevented His Honour from adopting the High Court's disapproval to overturn the Full Court's earlier decision.

The Full Court was not bound by its earlier decision but should only depart from an earlier decision "*if there is a compelling reason to do so*".[22] Disapproval from all six judges on the High Court provided that compelling reason,[23] allowing the Full Court to reconsider the manner of manufacture issue afresh.

### Patentability & "Manner of Manufacture"

The primary issue at hand was whether the claimed inventions went beyond a mere scheme or abstract idea implemented on conventional hardware or was indeed patentable manner of manufacture. Whether an invention is a manner of manufacture depends on the characterisation and is decided on the proper construction of the patent's claims in light of the patent's specification as a whole and common general knowledge.[24]

While it is well established that a mere scheme or plan cannot be patentable subject matter, it is also well established that that a mere method can become a manner of manufacture if it is practised or used in a way that is embodied in a physical form.

The Full Court adopted the reasoning set out in the allowing reasons, which accepted that the claims were patentable.[25] The Court reaffirmed that manner of manufacture is determined by whether the claimed invention embodies a mode or manner of achieving an end result that is artificially created.[26]

The Court construed claim 1, which described an EGM comprising physical components (display, game controller) configured to conduct a base game and, upon the occurrence of a trigger, a feature game. The claims were not to software in isolation but to a specific machine with integrated logic. The emphasis in the specification was not just on the feature game, but also on the function and display of configurable symbols in relation to the feature game, and the integration of those elements in the interdependent player interface and game controller.[27]

The Court iterated that it is "*too rigid and narrow*" to say that the implementation of an idea in a computer, using conventional computer technology, cannot constitute a manner of manufacture. The better way of expressing the point in these case is to determine whether the subject matter is an abstract idea which is manipulated on a computer or an abstract idea which is implemented on a computer to produce an artificial state of affairs and a useful result.[28] The Court distinguished the claims from cases such as *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd*[29] and *Commissioner of Patents v Rokt Pte Ltd*,[30] where the claims were directed to business schemes implemented on generic computers. In contrast, Aristocrat's claims were rooted in the design and operation of a physical gaming machine, and the feature game was implemented through integrated game logic and hardware.[31]

The Commissioner argued that upholding the patents would undermine the boundary between patentable inventions and game rules or abstract ideas. The Court rejected this, observing that the claims did not seek to monopolise game rules in the abstract, but a specific machine implementing those rules.

#### Impact

Procedurally, this decision provides clarity on how lower courts should treat an equally divided High Court. It reaffirms

that no binding legal principle is created in such circumstances, allowing a subsequent Full Court to reconsider the legal question independently. However, the decision of the Full Court affirmed by the High Court's split judgment retains its precedential value for lower courts by the doctrine of precedent.[32]

More substantively, this decision (for now) confirms that claims involving computer-implemented inventions can be patentable in certain instances, rather than merely implement an abstract scheme. This provides greater certainty for software and gaming technology patents, particularly those that integrate software and hardware in a novel way.

This decision has significant implications for Australian patent law, particularly for computer-implemented inventions, by reaffirming the primacy of substance over form in determining patentability. However, the Commissioner of Patents has sought special leave to appeal the decision to the High Court. Assuming that the High Court does grant special leave, the ultimate decision will help to confirm certainty for patent applicants.

Piper Alderman has a nationally recognised intellectual property and technology team, with experience in patent litigation. Please contact Tim O'Callaghan, Partner, if you require intellectual property advice.

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[1] [2025] FCAFC 131 ('*Aristocrat*').

[2] *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* (2022) 274 CLR 115.

[3] Patent Nos. 2016101967, 2017101097, 2017101098 and 2017101629.

[4] Ibid [2], [10], [31] and [34].

[5] *Re Aristocrat Technologies Australia Pty Ltd* [2018] APO 45; *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* (2020) 382 ALR 400 (Burley J) [1].

[6] *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* (2020) 382 ALR 400 (Burley J) [98].

[7] *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* (2021) 286 FCR 572.

[8] Ibid [144].

[9] *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* (2022) 274 CLR 115.

[10] Ibid [94].

[11] Ibid [98],[155]. .

[12] *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* (2021) 286 FCR 572 [97].

[13] *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents (No 3)* [2024] FCA 212 [129].

[14] Ibid [150].

[15] *Aristocrat* (n 1).

[16] Ibid [7].

[17] Ibid [97].

[18] See *Federal Commissioner of Taxation v St Helens Farm (ACT) Pty Ltd* (1991) CLR 336, 432 (Aickin J); *Milne v Federal Commissioner of Taxation* (1976) 133 CLR 526, 533 (Barwick CJ, with whom Gibbs and Stephen JJ agreed).

[19] *Re Wakim; Ex parte McNally* (1999) 198 CLR 511 [101] (Gummow and Hayne JJ).

[20] *Aristocrat* (n 1) [108].

[21] Ibid [109]

[22] Ibid [114].

[23] Ibid [116].

[24] *D'Arcy v Myriad Genetics Inc* (2015) 258 CLR 334 [12], [87] – [88] (French CJ, Kiefel, Bell and Keane JJ).

[25] *Aristocrat* (n 1) [125].

[26] *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252, [205] – [210].

[27] *Aristocrat* (n 1) [127].

[28] Ibid [131].

[29] (2019) 372 ALR 646.

[30] [2020] FCAFC 86.

[31] *Aristocrat* (n 1) [130]-[131].

[32] Ibid [104].