



**THE AUSTRALIAN ASSOCIATION OF THE  
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25 May 2026

**By email**

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Commissioner of Patents  
IP Australia  
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**RE: Consultation on the Patent Manual of Practice and Procedures  
(Manual): Computer-Implemented Inventions (Section 5.6.8.6) May 2026**

FICPI Australia previously made a submission on this consultation on 18 May 2026. Due to further input by members, FICPI Australia has supplementary submissions relating to the March 2026 changes to the Patent Manual of Practice and Procedure (the Manual).

## **1. PURPOSE OF THIS SUPPLEMENTARY SUBMISSION**

This supplementary submission is provided to supplement the primary submission lodged by FICPI Australia with additional points on three matters:

- the inherent limits of characterisation as an evaluative exercise and suggested examination approach;
- Australia's obligations under international treaties, which provide an independent basis for the proposition that the manner of manufacture threshold must not operate as a de facto exclusion of inventions implemented through computer technology across fields of technology; and
- issues of practical implementation and cost asymmetry.

It is intended to complement, not repeat, the detailed doctrinal analysis in the primary submission.

## **2. CHARACTERISATION: ACKNOWLEDGING THE LIMITS OF PRECISION**

The primary submission emphasises the central importance of correct characterisation. Characterisation is an evaluative exercise and that reasonable minds may differ as to the precise formulation of what a given invention is. This is a practical reality of any fact-intensive inquiry. A practical question therefor arises, which the primary submission does not address in detail: how characterisation is to be applied in practice when the applicant has proposed a characterisation that the examiner considers might be expressed differently.

That possibility does not detract from the need to avoid the errors now clearly prohibited by the binding authorities:

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- stripping out physical or implementation features on the ground that they are conventional;
- identifying the inventive concept first and treating it as the substance of the invention; and
- re-characterising the invention by reference only to its abstract elements.

The task is not to arrive at a single perfect characterisation, but to apply a methodology that considers the claimed combination as a whole, without importing considerations from novelty or inventive step.<sup>1</sup> The governing principles constrain the methodology and outcome, but they do not require a single uniform verbal formulation. The High Court in the allowing reasons noted “(c)haracterisation at the proper level of generality involves an exercise of judgment with regard to all of the integers of the claim. There will often be a number of reasonable alternatives” and that there was a “best characterisation”<sup>2</sup>.

The practical consequence is that, in the ordinary case, the applicant’s characterisation should be preferred as the best characterisation. The applicant drafted the specification and claims and is best placed to explain how the invention works. It will therefore ordinarily be more likely that the applicant’s characterisation is the better one. Where that characterisation is consistent with the binding principles and supported by the claims as a whole, it should be accepted by the examiner. In our submission, unless error is shown, that is the only approach consistent with the balance of probabilities, particularly given that manner of manufacture is intended to remain a low threshold.

The examiner’s role is not to construct an alternative characterisation merely because another formulation is available. Rather, the examiner must assess whether the applicant’s characterisation is properly supported and whether, on that characterisation, the claims define a manner of manufacture. The applicant’s characterisation should be displaced only where it is plainly inconsistent with the claims as properly construed or with the binding principles. The Manual should direct examiners to apply that methodology. It need not resolve every difficult case in advance, but it should require any adverse characterisation to be reasoned by reference to the specification and the claims as a whole, rather than asserted by conclusion. The Manual should also discourage a contest over whose characterisation is preferable. An examiner’s alternative characterisation should be adopted or maintained only where it is clear, by proper application of the governing principles, that the applicant’s characterisation is untenable. Where the examiner departs from the applicant’s formulation, the examiner should explain how the specification and claims support the examiner’s characterisation, and why the applicant’s characterisation does not.

### **3. AUSTRALIA'S INTERNATIONAL OBLIGATIONS**

Australia's examination practice must also be assessed against its obligations under international treaties. These obligations provide an independent reason why the manner of manufacture threshold cannot be applied as a de facto exclusion of inventions implemented through computer technology across fields of technology.

The core proposition is straightforward: Australia remains free to apply its domestic manner of manufacture requirement, but that requirement must not be administered in a way that imposes a special, higher, or discriminatory threshold on computer-implemented inventions, or inventions

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<sup>1</sup> *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2025] FCAFC 131.

<sup>2</sup> *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2022] HCA 29 at [149].

in any other field for that matter. That conclusion is required by Australian domestic patent law and is reinforced by Australia's international obligations.

#### TRIPS Agreement.

Article 27.1 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) requires that patents be available for inventions in all fields of technology, without discrimination as to the field of technology, provided that such inventions are novel, involve an inventive step and are capable of industrial application.<sup>3</sup>

Computer-implemented inventions arise across many fields of technology, including communications, cybersecurity, artificial intelligence, control systems, medical technology, logistics, financial technology and advanced manufacturing. Examination practice that treats computer implementation itself as a reason for heightened scrutiny risks discriminating against inventions by reference to the technological field or mode of implementation. That risks producing outcomes inconsistent with the article 27.1 obligation.

The point is not that every claim involving software, data processing or a business method must be patentable. Claims properly characterised under Australian law as mere schemes, abstract ideas or intellectual information remain outside the concept of manner of manufacture. The concern is narrower: once an invention is properly characterised as implemented through computer or digital technology to produce an artificial state of affairs and a useful result, it should not be subjected to a further requirement that the computer itself be improved, altered, or technically advanced. That additional requirement has no basis in Australian law and is inconsistent with the non-discrimination obligation in article 27.1.

Australia's TRIPS obligations are implemented through the *Patents Act 1990* (Cth). The manner of manufacture requirement is part of Australia's domestic framework for determining patentable subject matter. Applying that requirement at a level more restrictive than Australian law permits risks producing outcomes inconsistent with Australia's obligation to make patents available without discrimination as to the field of technology, as well as with the domestic statute.

#### Paris Convention.

Australia is also a party to the Paris Convention for the Protection of Industrial Property.<sup>4</sup> The Paris Convention does not prescribe a substantive subject-matter test for patentability. Its relevance here is more general: it forms part of the international framework within which Australia's patent system operates and reinforces the importance of predictable and non-arbitrary access to patent protection for all applicants using that system.

#### Australia-United States Free Trade Agreement.

AUSFTA separately confirms, in terms closely aligned with TRIPS Article 27.1, that patents are to be available for inventions in all fields of technology, provided the ordinary patentability requirements are met.<sup>5</sup> This reinforces the importance of ensuring that Australian examination practice does not impose, in substance, a field-specific exclusion or elevated threshold for inventions implemented through computer technology. Australia's other free trade agreements

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<sup>3</sup>Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, opened for signature 15 April 1994, 1869 UNTS 299 (entered into force 1 January 1995), art 27.1.

<sup>4</sup>Paris Convention for the Protection of Industrial Property, opened for signature 20 March 1883, as revised at Stockholm 14 July 1967, 828 UNTS 305 (entered into force 26 April 1970), art 2.

<sup>5</sup>Australia-United States Free Trade Agreement, signed 18 May 2004 (entered into force 1 January 2005), ch 17, art 17.9.1.

with Singapore, South Korea, Japan and China include equivalent IP chapters, reinforcing the same obligation from multiple bilateral directions.

#### Patent Cooperation Treaty.

IP Australia also acts as an International Searching Authority and International Preliminary Examining Authority under the Patent Cooperation Treaty. While the PCT does not itself determine national patentability standards, IP Australia's role in the international phase reinforces the need for its examination practice to be clear, predictable, and consistent with the standards it applies in Australian national examination. To the extent that IP Australia treats computer-implemented inventions as subject matter that will not be searched or examined in the international phase, that position should be clearly tied to the limited exclusions recognised under the PCT framework<sup>6</sup> and to Australian national grant practice, and not to an elevated or indeterminate subject-matter threshold of the kind that *Aristocrat 25* has now rejected.

These international obligations do not override Australian domestic law. They do confirm that the correct legal approach identified in the primary submission, a low, permissive, and technology-neutral threshold applied consistently across fields of technology, is also the approach that reflects Australia's international commitments.

It is arguable that over the last decade, by examination practice, rather than by legislation or court decision, Australia has not been compliant with these obligations. IP Australia should now put as much distance from this proposition as is possible. The tone of the Manual should reflect that all fields of technology are equally patent eligible and that only subject matter that is clearly not a manner of manufacture according to the decided principles is excluded from eligibility in Australia.

#### 4. PRACTICAL OPERATION AND EXAMINATION COST ASYMMETRY

In addition to the legal considerations outlined above, it is important to recognise the practical operation of the manner of manufacture requirement in examination.

Where manner of manufacture is applied as an elevated or indeterminate threshold, applicants are required to incur substantial cost in responding to, and potentially contesting, objections before reaching consideration of novelty and inventive step. This introduces an asymmetry in the practical operation of the system. Applicants with the financial capacity to sustain extended prosecution, including multiple examination reports, hearings, and appeals, are materially better positioned to secure patent protection than those without such resources.

This effect is particularly pronounced in relation to computer-implemented inventions, where the boundaries of subject matter have historically been uncertain. In those circumstances, the manner of manufacture requirement can operate not merely as a legal threshold, but as a cost-mediated barrier to access the patent system.

This outcome is not consistent with the intended role of manner of manufacture as a low, permissive gateway, nor with the structure of the Act in which questions of merit are addressed through novelty and inventive step. It reinforces the importance of ensuring that the subject matter threshold is applied consistently, transparently, and in accordance with the principles confirmed in *Aristocrat 25*.

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<sup>6</sup>Patent Cooperation Treaty, opened for signature 19 June 1970, 1160 UNTS 231 (entered into force 24 January 1978), rule 39.1 (search) and rule 67.1 (preliminary examination).

## 5. REQUESTED AMENDMENTS TO THE MANUAL

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FICPI Australia respectfully requests that section 5.6.8.6 be revised to make clear that:

1. computer-implemented inventions are not subject to a separate exclusion or elevated threshold for manner of manufacture;
2. the question remains whether the claimed invention, properly characterised and considered as a whole, produces an artificially created state of affairs and a useful result;
3. generic, conventional or known computer integers must not be stripped from the claim before characterisation merely because they are conventional or known;
4. it may be helpful as part of the characterisation step to look for, but there is no requirement for an advance in computer technology, technical contribution, inventive computer implementation, or improved operation of the computer as a separate or additional threshold condition;
5. the Manual should avoid terminology that may reintroduce the rejected approach, including '*relevant* artificial state of affairs', 'something more', and 'substance of the invention', given the clear risk that the phrase will be read as invoking the rejected approach of identifying the inventive concept and treating it as the substance of the invention;
6. the characterisation process should be looking for how the invention works based on the specification and finding of interdependence between elements claimed;
7. the operative distinction in the CII context of the properly characterised invention is between an abstract idea merely manipulated on a computer, which is not a manner of manufacture, and an abstract idea implemented on a computer to produce an artificial state of affairs and a useful result, which is;
8. the outcome of characterisation that results in a finding there is nothing more than an abstract idea or merely the manipulation of the abstract idea can only be arrived at by a process of elimination with this being the residual;
9. examiners should raise or maintain a manner of manufacture objection only where, on the balance of probabilities and following proper characterisation, the claimed invention is not a manner of manufacture.

FICPI Australia also welcomes the opportunity to work with IP Australia to develop appropriate worked examples to guide examiners, as noted in the primary submission.

## 7. CLOSING REMARKS

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The primary submission sets out in detail the doctrinal corrections required following *Aristocrat 25*. This supplementary submission emphasises that:

- the examination methodology that has been applied to CIIs since 2014 has been shown by *Aristocrat 25* to be inconsistent with the correct domestic legal framework and risks producing outcomes at odds with Australia's obligations under TRIPS and the other international instruments described above;
- characterisation is an inherently evaluative exercise, but the Manual must define a methodology that excludes the specific errors the binding authorities have identified; and
- the requested amendments to the Manual are specific, legally grounded, and consistent with both binding domestic authority and Australia's international obligations.

It is important that the Manual reflect the correct legal framework while remaining clear, predictable, and internationally intelligible.

FICPI Australia welcomes further discussion with IP Australia on any of the matters raised in the primary or in this supplementary submission.

Yours sincerely

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FICPI Australia