

The Commissioner of Patents
IP Australia
PO Box 200
Woden ACT 2606

Dear Commissioner,

Re: March 2026 Amendments to the Patent Manual of Practice and Procedure

AIPPI Australia is the Australian national group of the *International Association for the Protection of Intellectual Property* (AIPPI), a leading international organisation dedicated to the development and improvement of intellectual property. It is a politically neutral, non-profit organisation, headquartered in Switzerland, which currently has almost 9000 members, representing more than 100 countries. AIPPI's members include lawyers, patent and trade mark agents and attorneys, representatives from industrial corporations, IP owners, government officials, judges, academics, scientists and engineers.

We write in reply to IP Australia's request for feedback on the March 2026 "updates" to the *Patent Manual of Practice and Procedure* (**Manual**) relating to computer-implemented inventions (**CIIs**).

The request states that:

"Following valuable stakeholder input, IP Australia significantly refreshed the Patent Manual of Practice and Procedure on 16 March 2026 to ensure our practice and the Manual reflect the law regarding computer implemented inventions."

For the reasons discussed below, we do not believe that the amended Manual does reflect the law following the decision in *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2025] FCAFC 131 (**Aristocrat'25**).

We wish to make the following three points in particular:

1. Numerous Full Federal Court decisions from 2010 on developed a set of criteria for assessing whether a patent claim is "*a manner of manufacture within the meaning of section 6 of the Statute of Monopolies*" (hereinafter "patent eligible"). However, these criteria have been clearly rejected by the Full Federal Court in *Aristocrat'25* and the High Court. Consequently, they are inconsistent with current Australian law, and should not be included in the Manual.
2. Following *Aristocrat '25*, the threshold requirements for a claim to be patent eligible constitute only a 'low bar' to patent eligibility, as they did prior to 2010.
3. One should not look to the particulars of the inventions in decided cases to infer requirements for patent eligibility. The correct approach is to apply the broad principles articulated in the *National Research Development Corporation v Commissioner of Patents* (**NRDC**)¹ and *Aristocrat'25* decisions to each claim being assessed.

Each of these three points is discussed in the following, followed by some examples of legal errors in the amended Manual.

¹ (1959) 102 CLR 252.

1. Inapplicable Assessment Criteria from Past Decisions

Prior to 2010, it was rare for Australian patent examiners to raise an objection to a claim for lack of patent eligibility, because the requirements were easily satisfied: *i.e.*, they constituted a “low bar” to patent eligibility.

From 2010 and prior to the decision in *Aristocrat’25*, the Federal Court issued a series of decisions that developed and applied new criteria for assessing the patent eligibility of CIIs, culminating in a series of Full Federal Court decisions (***the old decisions***), in which the subject CIIs were all held to be ineligible for patenting, including: *Research Affiliates LLC v Commissioner of Patents* [2014] FCAFC 150, *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177, *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* [2019] FCAFC 161, and *Commissioner of Patents v Rokt Pte Ltd* [2020] FCAFC 86. The Commissioner of Patents was either the applicant or the respondent in each of these decisions, and asserted ineligibility in each case.

Although the finding of ineligibility in each of the old decisions was clearly the outcome desired by the Commissioner, the experience of AIPPI Australia’s members and Australian patent attorneys in general was that the criteria developed in these decisions were rigid, overly stringent, and fundamentally misguided. In particular, the narrow criteria developed in these decisions were broadly applied by patent examiners to almost all CII patent applications for the past 15 years, often resulting in the inability to obtain patent protection for many inventions that, in the view of patent attorneys, should have been found eligible for patenting. The message soon spread to overseas patent practitioners that Australia had become one of the most difficult jurisdictions in which to patent CIIs.

The criteria relied upon in the old decisions showed the influence of European law in that the assessment required determining what was referred to as “*the substance of the invention*”. This phrase refers to an approach to assessing eligibility that involves ignoring features of a claim that were not considered to be new or inventive, and assessing whether the remaining feature(s) of the claim was or were eligible, usually based on whether they made a technical contribution over the prior art, addressed a technical problem, or involved a technical effect.

The influence of US law was also apparent, including the introduction of the concept of an “abstract idea” from US case law (from *Bilski* and subsequent US cases).

This conflation of considerations of novelty, inventive step and eligibility is particularly concerning to Australian patent attorneys, because these considerations are separate and distinct requirements for patentability, as defined by s18(1) of the *Patents Act 1990*, and should be assessed independently of one another.

Following *Aristocrat ’25*, it is clear that these criteria are neither part of nor consistent with current Australian law, having been rejected by *Aristocrat’25*. In *Aristocrat’25*, the Full Federal Court adopted the “allowing reasons” of the High Court in *Aristocrat Technologies Australia Pty Ltd v Commissioner of Patents* [2022] HCA 29. *Aristocrat’25* was subsequently endorsed by the High Court in *Aristocrat Technologies Australia Pty Ltd* ACN 001 660 715 [2026] HCADisp 15. Consequently, *Aristocrat’25* now defines the current state of Australian law regarding the patent eligibility of CIIs.

Despite this fundamental change in law, the amended Manual is replete with references to the old decisions, and the Manual still instructs patent examiners to apply the reasoning from these old decisions, which do not reflect the current law. They should not have been retained in the Manual and should be removed.

For example, the Manual continues to refer to identifying whether features of a claim are “known” or “CGK” in order to characterise the claim. This is an incorrect approach.

While we do not suggest that the *presence* of some of the factors discussed in the old decisions, such as whether the invention solves a technical problem, are completely irrelevant, they should be seen only as examples of factors that may result in “*an artificial state of affairs and a useful result*”, and not as *requirements* for same. That is, the absence of such factors is not indicative of ineligibility. For example, there is no longer any *requirement* for a technical problem or a technical effect, but the Manual indicates otherwise. This must be corrected.

In case the Commissioner is minded to disagree based on [132] of *Aristocrat*’ 25, that paragraph states that:

“the result in each of the Full Court decisions rejecting the patentability of certain computer-implemented claims was correct, in that [i.e., because] each of them merely involved the use of a machine to manipulate an abstract idea rather than involving the implementation of the idea on a machine to produce an artificial state of affairs and a useful result.”

In other words, the Full Court only agreed with the “*result*” (*i.e.*, the finding of ineligibility) of each of the old decisions, and not the reasoning in those decisions, but only because the corresponding claim “*merely involved the use of a machine to manipulate an abstract idea*”, in accordance with the High Court’s allowing reasons and the Full Court in *Aristocrat*’ 25. The reasoning applied in the old decisions is inconsistent with *Aristocrat*’ 25, and should not be used. (We note in passing that the Court’s discussion recites language from the old decisions, and there is no clear indication that the claims in each case had been re-characterised in accordance with *Aristocrat*’ 25, as would be required to properly assess their eligibility.)

2. The threshold requirements for patent eligibility are easily satisfied

The Proper Approach to Assessing Eligibility

Aristocrat’ 25 defines the current state of Australian law regarding the assessment of patent eligibility of computer-implemented inventions (CIIs) that involve an “abstract idea”.

The *Aristocrat*’ 25 decision has been endorsed by all seven judges of the High Court (in *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* ACN 001 660 715 [2026] HCADisp 15), in which their Honours stated (in their reasons refusing special leave):

“there is insufficient reason to doubt the correctness of the decision of the Full Court. A grant of special leave to appeal is not in the interests of the administration of justice in circumstances in which that Full Court applied established principles concerning the assessment of manner of manufacture and reached a unanimous and clear conclusion as to characterisation.” (emphasis added)

In *Aristocrat*’ 25, the Full Court stated that claim 1 of *Aristocrat*’s 967 patent was eligible “*for the reasons given in the allowing reasons [of the High Court]*”, and applied those same reasons to the remaining claims, holding that they are also eligible.

It is worth citing from the High Court’s “allowing reasons” (at [151], with added emphasis):

“The proper approach to assessing whether a manner of manufacture exists is that which was enunciated by this Court, as described above, in *National Research*

*Development Corporation*². There is only one question: is there a manner of manufacture within s 6 of the *Statute of Monopolies*? The focus of that question commonly leads to enquiries such as: whether the process or product is part of the useful arts rather than the fine or intellectual arts; whether there is an artificially created state of affairs with a useful result including a result of economic significance; and whether the subject matter of a claim is no more than a mere intellectual idea, scheme, or game. But, as the authorities have long shown, the limits involved in each of these enquiries are not narrow. To take an approach to a manner of manufacture that is too confined is "unsound to the point of folly"³.

Adopting the High Court's language, the criteria from the old decisions retained in the Manual constitute such "narrow... limits", are "too confined" and therefore "unsound".

At [131], the Full Court stated:

"In our respectful view, it is too rigid and narrow an approach to say that the implementation of an idea in a computer, using conventional computer technology for its well-known and well-understood functions, cannot constitute a "manner of manufacture". We respectfully agree with the view expressed in the allowing reasons (at [122]) that a better way of expressing the point in such cases is to ask whether, properly characterised, the subject matter that is alleged to be patentable is: (i) an abstract idea which is manipulated on a computer; or (ii) an abstract idea which is implemented on a computer to produce an artificial state of affairs and a useful result."

Clearly, these questions only apply to CIIs that involve abstract ideas, such as those of the old decisions, which are summarised at [132] of *Aristocrat '25* as:

"protecting assets from unsecured judgment creditors... constructing data concerning a non-capitalisation weighted portfolio of assets... assessing the competency or qualification of people in accordance with recognised standards... displaying information to provide business intelligence... marketing ... risk management information... and ... improved logistics".

However, most CIIs do not involve abstract ideas, and therefore should be assessed as eligible without reference to these questions. Examiners should be reminded not to assume that all CIIs involve abstract ideas (which has been the experience of patent attorneys).

For those CIIs that do involve abstract ideas, the first question to ask when assessing a claim for eligibility is whether the claim, properly characterised, is *"an abstract idea which is manipulated on a computer"*. We understand this phrase to refer to situations in which the properly characterised claim requires only that the computer merely perform the abstract idea, so that the claim is effectively *"no more than a mere intellectual idea, scheme, or game"*, albeit performed by a computer (e.g., for the sake of convenience).

Conversely, if the claim, properly characterised, is more than the abstract idea, it will almost certainly be *"an abstract idea which is implemented on a computer to produce an artificial state of affairs and a useful result."* In accordance with *NRDC, Aristocrat '25* and the allowing reasons of the High Court, patent eligibility requires only that *"the process or product is part of the useful arts rather than the fine or intellectual arts; whether there is an artificially created state of affairs with a useful result including a result of economic significance."*

² (1959) 102 CLR 252.

³ *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 271.

From [71] to [82] of *Aristocrat '25*, the Full Court discusses the aspects of the allowing reasons that were relied upon to find Aristocrat's claims patent eligible, as follows:

- [71] that **"the Commissioner attempted to ...[re-characterise] Aristocrat's claim as a mere scheme or abstract idea, but that characterisation could be achieved only by filleting from the claim essential and interdependent integers"** providing for the implementation of the game on the EGM (the integers stripped from the Commissioner's characterisation including components as basic as the display component of the player interface on which the images of symbols generated by the software and hardware appeared)." (emphasis added)
- [72] **"the characterisation of the claim requires consideration of all of the integers of the claim"** in light of the relevant facts and matters in the specification [...]. Their Honours said that the risk of artificially characterising a claim is particularly pronounced where the claim contains interdependent integers, noting that the claim in the present case did not assert a monopoly in any single integer but relied upon the full description of the alleged invention as a combination patent: [...]."
- [74]: "the term [manner of manufacture includes] ... **new processes in any art that produce effects that are useful to the public:** [...]. Their Honours said that **a manner of manufacture thus requires only the existence of some material and artificial advantage**, citing the watershed decision in *NRDC*".
- [75]: "The allowing reasons referred to it being well established that a mere scheme or plan, or any other merely intellectual endeavour, cannot be the subject matter of a patent [...]. However, it is equally well established that **one way in which a mere method will become a manner of manufacture is when it is practised or used in a way that is embodied in a physical form** [...]."
- [76]: "Their Honours said that the artificial state of affairs and useful result may be a physical change in something, but need not be, and similarly, the artificial state of affairs may be an improvement in computer technology, but it need not be: [...]. The allowing reasons said that **it is enough that the artificial state of affairs and useful result are created by the way in which the method is carried out in the computer:** [...]. Further, the allowing reasons said that the method of carrying out the idea in the computer, and the artificial state of affairs and useful result, need not be inventive or ingenious, in that **the ingenuity may lie only in the idea but, when the idea is applied to produce an artificial state of affairs and a useful result, there will be a manner of manufacture:** [...]."
- [80]: "The allowing reasons ... said that the proper approach to assessing whether a manner of manufacture exists is that which was enunciated in *NRDC*... Their Honours said that the focus of that question commonly leads to enquiries such as: **whether the process or product is part of the useful arts rather than the fine or intellectual** arts; whether there is an artificially created state of affairs with a useful result including a result of economic significance; and **whether the subject matter of a claim is no more than a mere intellectual idea, scheme, or game** [...]."
- [81]: "The allowing reasons said that **the question of whether a claim, as properly characterised, is the proper subject matter of a patent should not be deconstructed to require, separately from the general principles of patentability, consideration of whether the subject matter is "computer-implemented"** [...]. **That statement appears to be a direct**

rejection of the proposed alternative approach of the majority decision in the Full Court. The allowing reasons said that, although modern computers could not have been in the mind of anyone in the Jacobean era of the *Statute of Monopolies*, **the implementation of a scheme or idea on a computer to create an artificial digital state of affairs should not be treated any differently from the implementation of a scheme or idea by any other machine to create an artificial physical state of affairs:** [...]. The allowing reasons referred to the language used in *NRDC*, that **the implementation of the scheme or idea must create an artificial state of affairs and a useful result.**"

- [82]: "The allowing reasons said that, on its proper characterisation, claim 1 is **not a scheme or idea for a game that is separate from the external or artificial application of that game**, and the operation of the game controller cannot be severed from the interdependent player interface in the EGM[...]. The claimed operation of the game controller, displayed through the player interface, was described as an altered EGM involving an artificial state of affairs and a useful result amounting to a manner of manufacture[...]."

The barrier to patent eligibility is only a low bar

It is apparent from the allowing reasons of the High Court and the subsequent reasons of the Full Federal Court in *Aristocrat '25* that the threshold requirements for patent eligibility are easily satisfied; *i.e.*, the barrier to patent eligibility is only a "low bar".

This is confirmed in the High Court's allowing reasons (at [151]):

"The proper approach to assessing whether a manner of manufacture exists is that which was enunciated by this Court, as described above, in *National Research Development Corporation*⁴. There is only one question: is there a manner of manufacture within s 6 of the *Statute of Monopolies*? The focus of that question commonly leads to enquiries such as: whether the process or product is part of the useful arts rather than the fine or intellectual arts; whether there is an artificially created state of affairs with a useful result including a result of economic significance; and whether the subject matter of a claim is no more than a mere intellectual idea, scheme, or game. But, as the authorities have long shown, **the limits involved in each of these enquiries are not narrow. To take an approach to a manner of manufacture that is too confined is "unsound to the point of folly"**⁵.

Simply put, a claim directed to a CII involving an abstract idea should be eligible unless the claim, properly characterised, is no more than the abstract idea itself (*i.e.*, the implementation does not produce an artificial state of affairs and a useful result).

It has been the experience of Australian patent attorneys that patent examiners almost always raise eligibility objections to CII claims, and that those objections can be difficult to overcome due to a tendency of patent examiners to overly abstract claims when identifying "*the substance of the invention*", and the relatively stringent requirements of the old decisions.

It is clear that those criteria should no longer be applied, and it is no longer correct to identify "*the substance of the invention*" by ignoring known or obvious features of a claim as taught by the old decisions. Rather, the assessment now requires "*characterising*" the

⁴ (1959) 102 CLR 252.

⁵ *National Research Development Corporation v Commissioner of Patents* (1959) 102 CLR 252 at 271.

invention without “filleting from the claim essential and interdependent integers providing for the implementation”.

3. The specifics of the inventions in decided cases should not be used to infer eligibility requirements for other CIIs

Although we sympathise with the Commissioner’s desire to provide an assessment methodology that can easily be understood and applied by patent examiners, the assessment must follow the law.

One should not look to the particulars of the inventions of decided cases to infer patent eligibility requirements for general application to other CIIs. The correct approach is to apply the broad principles articulated in the *NRDC* and the *Aristocrat* ’25 decisions to each claim being assessed.

When the High Court and the Full Federal Court decided (in approved decisions) whether a patent claim is directed to subject matter that is eligible for a patent, they apply the broad principles articulated in *NRDC* to the specifics of the claimed inventions before them to assess whether each claim is eligible. The decisions include discussions of the specific features and operation of each invention and any resulting effects and advantages.

However, those discussed effects and features are specific to the invention being assessed, and are only relevant insofar as they are *examples* of effects and features that may correspond to the principles established by *NRDC* and *Aristocrat* ’25. They do not define narrow requirements for eligibility for other inventions or suggest that those features or advantages must be present in any CII claim for it to be eligible.

Consequently, the Commissioner should not refer to the specifics of decisions as if they define a narrower standard for eligibility than the broad principles articulated in the *NRDC* and *Aristocrat*’25 decisions. In particular, while the *presence* of some features may be indicative of eligibility, their *absence* is not indicative of ineligibility.

4. Examples of legal errors in the amended Manual

It is the opinion of AIPPI Australia that the methodology for assessing eligibility taught in the amended Manual is inconsistent with current law.

For the avoidance of doubt, we provide the following examples of legal errors in 5.6.8.6 *Computer Implemented Inventions, Mere Schemes, and Business Methods* of the Manual, under the headings of the relevant subsections.

Introduction

As discussed above, the phrase “*substance of the invention*” refers to the abstraction methodology of the old decisions involving “filleting from the claim essential and interdependent integers”. This approach was clearly rejected by the Full Federal Court and the High Court. Consequently, the phrase should be removed from the Manual because it is inconsistent with current law, and its presence in the Manual is likely to cause examiners to apply the wrong methodology.

The phrase “*relevant artificial state of affairs*” does not appear in the decided cases, and requires that “an artificial state of affairs” contains two sub-classes, only one of which is insufficient to establish eligibility. The phrase is inconsistent with *NRDC* and *Aristocrat*’25, and it should be removed from the Manual. We speculate that the phrase was developed to accommodate the Full Court’s statement from a decade ago (in *Grant v Commissioner of Patents* [2006] FCAFC 120; (2006) 154 FCR 62) that any execution of software causes “a change in state or information in a part of a machine” that constitutes an artificial state

of affairs. However, rather than infer an entirely new category, we submit that a better way of dealing with the anomaly is to say that the Full Court has changed its mind, and any such change in state is not an artificial state of affairs within the meaning of *NRDC*.

Inventions found to constitute an abstract idea manipulated on a computer

The reasons applied in the old decisions to assess the corresponding inventions as ineligible should not be included because they are inconsistent with current law. Yet they remain in the Manual and are causing examiners to raise objections that are inconsistent with current law. They must be removed.

Understanding the physical elements of the claimed invention

The Manual states that *"In characterising the invention, it is important to ... consider whether the invention is to a known product or system that comprises a computer processor, or whether the physical elements define a new physical product or system in light of the CGK."*

This is incorrect: the characterisation does not involve any consideration of whether features are "known" or "CGK". There is no such indication in *Aristocrat '25*.

The Full Court referred to the High Court's decision in *Myriad*, observing (at 129):

"Their Honours noted with disapproval that there were passages in the reasons of the primary judge which suggested that his Honour was influenced in the determination of the issue as to "manner of manufacture", by asking whether what was claimed involved anything new and unconventional in computer use (at 291)."

Factors relevant to characterising the claimed invention

The Manual states that "factors that may be relevant to characterising the invention ... include:

1. whether the computerised product or system works in an improved or altered manner...
2. whether there is a relevant technical effect occurring outside a computerised product or system, or a technical problem is solved outside the computerised product or system...
3. whether a technical problem is solved with a computerised product or system...
4. Even if a computer is essential for performing the invention (i.e. there is no practical "pen and paper" equivalent), that is not a sufficient factor to confer patentability; the computer must be more than an intermediary."

However, this section confuses "characterisation" with the assessment of eligibility, which is subsequent to characterisation.

In any case, the presence of any of the first three factors (e.g., a "technical effect" or "whether a technical problem is solved") may be indicative of eligibility, but their absence is certainly not indicative of ineligibility. This needs to be clarified.

Finally, the issue of whether the computer is "more than an intermediary" in item 4 is taken from *RPL Central* and should be removed.

Example: Performing Business Interactions Using Computing Devices

The Manual states that *"the invention merely uses generic computer technology... [is] merely implemented on a standard computer. It does not improve or alter the operation of a computer, nor does it address a technical problem. As a result, the invention is best*

characterised as a mere computer implemented business rule or scheme for determining when to share information."

The Manual is again confusing characterisation with eligibility assessment, which are distinct steps.

In any case, the factors described are inconsistent with current law. For example, in *Aristocrat*'25, the Full Court said (at 131):

"it is too rigid and narrow an approach to say that the implementation of an idea in a computer, using conventional computer technology for its well-known and well-understood functions, cannot constitute a "manner of manufacture".

Moreover, the characterisation is conclusory and inconsistent with current law, and as stated in the High Court's allowing reasons in relation to *Aristocrat*'s claim, "could be achieved only by filleting from the claim essential and interdependent integers providing for the implementation". The proper approach to characterising a claim is discussed at 149:

"Characterisation at the proper level of generality involves an exercise of judgment with regard to all of the integers of the claim. ... given the emphasis upon both the feature game and the configurable symbols in the specification, the best characterisation of Claim 1 is: an EGM incorporating an interdependent player interface and a game controller which includes feature games and configurable symbols."

It is apparent that the characterisation, while at a level of generality suitable for assessing eligibility, is not suitable for assessing the claim against other criteria, such as novelty and inventive step, for example.

Case Law Examples

International Business Machines Corporation v Commissioner of Patents (1991) 22 IPR 417

The final statement that: *"It followed that the claim was directed to a process containing steps that was foreign to the normal use of computers."* incorrectly implies consideration of novelty or inventive step, which are no longer relevant to the assessment.

Example Patent Office Hearing Decisions

Patent Office decisions do not define law, and the referenced decisions rely on considerations that are inconsistent with current law. They should be removed from the Manual.