BL O/025/05

28 January 2005

PATENTS ACT 1977

APPLICANT Franks, Robert Benjamin

ISSUE Whether patent application number GB 0011245.8 is excluded from being patentable under section 1(2)(c)

HEARING OFFICER A Bartlett

DECISION

1 Patent application number GB0011245.8 entitled "Method and apparatus for internet transaction processing" was filed on 11 May 2000 in the name of Robert Benjamin Franks and published on 14 November 2001 as GB2362235.

2 The application was one of a number filed around this time by Dr Franks of the firm of patent attorneys Franks and Co in the field of electronic filing of trade mark applications. Throughout the examination process the examiner reported that the present invention was excluded as a method for doing business and a program for a computer. The examiner deferred consideration of other issues including novelty and inventive step pending resolution of the excluded matter issue. However, when it became clear that further correspondence was unlikely to resolve the matter, a hearing was appointed to deal with the excluded matter issue on this and three more of his co-pending applications which had reached a similar state of impasse. That hearing took place on 17 November 2004 with Dr Franks in attendance as both Applicant and Agent.

3 Before I go any further I wish to record my thanks to Dr Franks for agreeing to deal with four of his applications at the same hearing. Whilst doing so made for a particularly intense day, it reduced the administrative overhead associated with the hearings enormously and was particularly appropriate given the number of issues common to all four of his applications. As I was at pains to stress during the hearing though, whilst they have been the subject of a single hearing, in reaching my decision I have considered each case on its merits.

The Law

4 The examiner has maintained that the application is excluded from patentability under Section 1(2)(c) of the Act, as relating to a method for doing business and a program for a computer as such. The relevant parts of this section read:

"1(2) It is hereby declared that the following (among other things) are not inventions for the purposes of this Act, that is to say, anything which consists of –

(a) …

(b) ….

(c) a scheme, rule or method for performing a mental act, playing a game or doing business, or a program for a computer;

(d) ….

but the foregoing provision shall prevent anything from being treated as an invention for the purposes of this Act only to the extent that a patent or application for a patent relates to that thing as such."

Issues of Principle

5 At the hearing, Dr Franks addressed me on a number of issues of general principle which were common to all four of his applications. I think it convenient to deal with those here before going on to discuss the particular application in any more detail.

Consistency with the EPO's interpretation of the EPC

6 The above identified provisions of the Patents Act are designated in section 130(7) as being so framed as to have, as nearly as practicable, the same effect as Article 52 of the European Patent Convention, to which they correspond. This means that as well as being bound by decisions of the UK courts taken under section 1 of the Act, I must also have regard to the decisions of the European Boards of Appeal that have been issued under this Article in deciding whether the invention is patentable.

7 At the hearing, Dr Franks addressed me at some length over the discrepancy in approach to assessing patentability between the UK courts and the Boards of Appeal of the EPO as most recently exemplified in *Hitachi*[1]. In essence the discrepancy is that the presence of any technical means in a claim is sufficient in the eyes of the EPO for an invention to avoid the exclusions where as it is not in the eyes of the UK courts, as exemplified in *Fujitsu*[2]. In relation to this issue, Dr Franks referred me to the decision of the Court of Appeal in *Gale's Application* [1991] RPC 305 where Nicholls LJ said at page 323 line 5:

"..it is of the utmost importance that the interpretation given to section 1 of the Act by the courts in the United Kingdom, and the interpretation given to Article 52 of the European Patent Convention by the European Patent office, should be the same. The intention of Parliament was that there should be uniformity in this regard. What is more, any substantial divergence would be disastrous."

8 Dr Franks put it to me that maintaining consistency of approach was of paramount

1 Board of Appeal of the European Patent Office T 0258/03
2 Fujitsu Limited's Application [1997] RPC 608

importance. He said that I should take due account of the relative dates of the *Hitachi* and *Fujitsu* decisions and that in so doing, *Hitachi* should take precedence. To use his words, being of later date "Hitachi trumps Fujitsu". Moreover, he put it to me that in order to maintain this consistency of approach to the exclusions, the Court of Appeal would now follow the *Hitachi* approach. I cannot accept that.

9 It is not for me to hypothesise how the courts might consider cases put before them in future. My role is to decide whether the present application meets the requirements of the Act as interpreted by past decisions of the courts. Whilst I must also have due regard to the decisions of the EPO Boards of Appeal, as Nicholls LJ went on to say in the passage following that quoted by Dr Franks above, the courts are not bound by them. Thus, when there is a divergence between the UK courts and the EPO Boards of Appeal I am in no doubt which path I must follow. The approach of the UK courts takes precedence. Those courts have made it abundantly clear that the mere presence of hardware in the claims is not sufficient for the exclusions to be overcome. That the decision in *Hitachi* is more recent has no bearing on the binding nature of older decisions of the UK courts. In short, I am not prepared to follow *Hitachi* in preference to the Court of Appeal's decision in *Fujitsu*.

10 I have one more observation to make in this regard. Whilst they may have decided that the invention was not excluded in *Hitachi*, the Board of Appeal still decided that it was unpatentable by virtue of it failing to provide an inventive step. In making that assessment, the Board of Appeal decided that only features contributing to a technical character could be taken into account when assessing inventive step. Whilst this approach is also contrary to established UK practice I am confident that the end result would be the same irrespective of which approach was followed. And that it is the end result (and not the approach for getting there) that is important was I think made clear by Nicholls LJ in *Gale* when he said at line 9 page 323(my emphasis):

> "What is more any substantial divergence would be disastrous. It would be absurd if, on an issue of patentability, a patent application should suffer a different fate according to whether it was made in the United Kingdom under the Act or was made in Munich for a European patent (UK) under the Convention."

Whilst there may be a difference in approach between the UK and the EPO, that difference is not (in my opinion) "substantial" in terms of what is and is not patentable.

The TRIPS Agreement

11 Dr Franks asked that in my decision (and without prejudice to his case) I address the issue of whether the UK was in contravention of its obligations under the TRIPS Agreement in not granting patents for business methods. The specific article of interest to Dr Franks is Article 27 which concerns the range of subject matter for which patent protection must be made available by signatories to the TRIPS Agreement. Article 27 says that (subject to a number of provisions which are not relevant in the present context):

> "patents shall be available for any inventions, whether products or processes, in all fields of technology, provided they are new, involve an inventive step and are capable

of industrial application."

12 In Dr Franks' opinion, business methods and in particular computer implemented ones, relate to a field of technology and thus, he said, patents should be available for them.

13 However much Dr Franks might wish me to do so, it is not for me to make general pronouncements about the UK's obligations under TRIPS – my role is to decide whether the application in suit meets the requirements of the Act. The TRIPS Agreement has not changed what is and is not patentable in the UK.

14 It is a general principle that Treaties are not self enacting. Therefore any changes in existing law that are to be introduced as a result of a treaty becoming effective need to be enacted in legislation. That the TRIPS Agreement is no exception to this principle was confirmed by Jacob J in *Lenzing AG's European Patent (UK*) [1997] RPC 245. In his decision in that case Jacob J found that the Agreement has no direct effect. In other words, the Treaty did not automatically override any existing law when it became effective on 1 January 1996.

15 No amendments to the exclusions contained in section 1 of the Act have been deemed necessary following the coming into effect of the TRIPS Agreement. Thus inventions comprising methods of doing business as such remain unpatentable in the UK, including when implemented via a computer.

Technical Aspect

16 The third point raised by Dr Franks which was of relevance to all four applications concerned the interpretation of the words "as such" in the final clause of section 1(2). Dr Franks and I were in complete agreement that an invention is not excluded from being patentable merely because it is used in an excluded activity. However, quite what is needed to make an otherwise unpatentable thing patentable was the subject of some discussion between us. It is generally accepted that an invention in an otherwise excluded field can still be patentable if it makes a technical contribution. This follows on from the Board of Appeal decision in *Vicom*[3] which was subsequently endorsed by the Court of Appeal in *Merrill Lynch's Application* [1989] RPC 561 where Fox LJ said in his decision at page 569:

> "It seems to me to be clear…that it cannot be permissible to patent an item excluded by section 1(2) under the guise of an article that contains that item – that is to say, in the case of a computer program, the patenting of a conventional computer containing that program. Something further is necessary. The nature of that addition is, I think, to be found in the *Vicom* case where it is stated: "Decisive is what technical contribution the invention makes to the known art"."

17 In his decision in *Fujitsu*, Aldous LJ quoted that section of Fox LJ's decision with approval. However, Dr Franks put it to me that Aldous JL went a step further. After quoting Fox LJ, Aldous LJ went on to say at page 614 line 40:

> "However, it is and always has been principle of patent law that mere discoveries or

3 Decision of the EPO Board of Appeal T 208/84

ideas are not patentable, but those discoveries and ideas which have a technical aspect or make a technical contribution are.".

18 Thus, according to Dr Franks, the Court of Appeal decided in *Fujitsu* that an invention did not have to make a technical contribution for it to be patentable - it was sufficient for an invention to have a technical aspect. Whilst I can see some attraction in Dr Franks' argument, I respectfully disagree. When actually making his decision to refuse the application in *Fujitsu*, Aldous LJ consistently used the lack of technical contribution as the basis for determining that the invention in that case was excluded as a program for a computer as such. He did not consider the invention against a separate "technical aspect" test. What Dr Franks asked me to do was to consider the "technical aspect or technical contribution" statement in isolation from the rest of Aldous LJ's decision. I think it would be wholly inappropriate for me to do that and to ignore the most direct source of interpretation of those comments available to me. In interpreting what he considered made an otherwise excluded thing patentable, there is to my mind no escaping the fact that Aldous LJ found all the claims in *Fujitsu* to be unpatentable, including the apparatus claims. Apparatus claim 10 included a host of technical elements including computer storage and display means. Thus some of the claims refused in *Fujitsu* undoubtedly possessed technical character or a technical aspect but the Court of Appeal did not consider that sufficient for them to escape the exclusions. I feel bound to take the end result into account when interpreting Aldous LJ's other comments in that case. I am certainly not prepared to accept Dr Franks' suggestion that perhaps Aldous LJ had erred in the application of his own test.

19 On that basis I conclude that the correct test to apply in determining whether an invention is patentable is whether it makes a technical contribution. It is not sufficient for an invention merely to include some technical features.

The definition (interpretation) of technical

20 At the hearing Dr Franks made much of the fact that the courts have not attempted to define precisely what constitutes a technical contribution. He said that he thought the interpretation the UK Patent Office applied was unduly limited. In advancing his case he took me to various sources to provide definitions of "technical", "technology", "technological" and so forth which he said supported his case that his applications were patentable. These included the Collins English Dictionary from which he extracted the definition of technical as being "relating to, or characteristic of, a particular field of activity". This he said showed that the normal meaning of technical was not restricted to some piece of technology or to some "physicality".

21 At the hearing I said that the value of taking me through those definitions was limited. The courts have not found it necessary to provide a specific definition of "technical" or, more significantly "technical contribution" in assessing whether an invention was excluded and I do not feel it necessary to do so either. And as I have already said above, I do not need to be persuaded that the invention has technical character. That though is not the test I feel bound to apply – it must make a technical contribution.

22 I think it only fair, however, to deal with Dr Franks' efforts in this respect a little more fully.

At the hearing he referred me to two specific references[4] as evidence to support his view that the Patent Office was interpreting "technical" too narrowly when assessing patent applications. He said that both these texts used the expression "technical analysis" to describe the study of financial market action for the purpose of forecasting future price trends. These, he said, demonstrated that practitioners in the field of financial market forecasting considered their activities to be technical. Any contribution to these activities whether involving computer hardware or not would then, in Dr Franks' view, constitute a technical contribution. He suggested that in deciding whether an invention made a technical contribution (and thus whether it was patentable) the Office should not apply a restricted definition of technical but should take account of what is considered to be "technical" in the particular field of the invention.

23 I do not agree. At no time have the courts suggested that what constitutes a technical contribution depends upon what terminology has become commonplace in a particular field. Moreover, doing so would lead to some ludicrous situations. At the hearing I drew Dr Franks' attention to the practice of marking a box between the dug-outs and the touchline at a football ground. The purpose of doing that is to define an area which the team manager or coaching staff are not allowed to venture beyond. These boxes are widely referred to as the "technical areas". Following Dr Franks' argument would lead one to conclude that the practice of marking the field in this way would not be excluded from patentability because in the particular art it was commonplace to refer to these areas as "technical". That would clearly be a nonsense.

24 The courts have not found it necessary to define what constitutes a technical contribution and I do not consider it necessary either. What they and the Boards of Appeal of the EPO have done is provide a wealth of case law indicating what does and does not constitute a technical contribution from which I can draw to help me decide whether the present invention is patentable.

Consideration of other granted patents

25 At the hearing, Dr Franks drew my attention to EP0927945B granted to Amazon.com. Whilst he did not address me in any detail on its subject matter he said that he considered the present invention to make more of a technical contribution than the invention disclosed in that patent. As I said at the hearing, whether a particular invention makes a technical contribution is to be decided on the facts pertaining to that case. Previous patents granted by the EPO (or the UK Patent Office) have little bearing on my decision regarding the present application.

26 The final point I wish to stress is that in reaching my decision on each of Dr Franks' applications I have taken account of all his submissions at the hearing, all the correspondence on file and the witness statement he presented at the hearing regarding the development of the implementing software.

27 Summarising all this I shall apply the following principles (derived from the relevant precedent

4 Financial Prediction Using Neural Networks by Joseph Zirilli ISBN 1-85032-234-1 pages 24-25 and Introduction to Stock Exchange Investment by Janette Rutterford ISBN 0-333 34230-5 pages 261-264

case law) in deciding whether the present invention is patentable:

> First, it is the substance of the invention which is important rather than the form of claims adopted. Moreover, merely including hardware or technical elements in the claims is not sufficient under UK law for the exclusions to be avoided;
>
> Second, the effect of the final part of section 1(2) is that an invention is only excluded from being patentable if it amounts to one of the excluded areas "as such" and that following decisions of the UK courts and the EPO Boards of Appeal, an invention is not considered to amount to one of those thing "as such" if it makes a technical contribution;
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> Third, whether an invention makes a technical contribution is an issue to be decided on the facts of the individual case;
>
> Fourth, it is desirable that there should be consistency between the Patent Office's and EPO's interpretation of the exclusion in the Patents Act and the EPC. However where there is a divergence I am bound to follow the approach adopted in the UK courts;
>
> Finally, any doubt over the patentability of the invention should be resolved in favour of the Applicant.

The specific invention

28 This particular invention relates to a computer system for enabling the input of data relating to trade mark applications. A user is able to input details of the applicant's identity, the trade mark being applied for and account details for the applicant via a computer terminal. He can also select the country or countries and the classes of goods and services for which protection is sought from displayed data which includes cost information. Finally an electronic message confirming the inputted data is generated and sent between various computer resources in the system. In the embodiment described this confirmation message is an electronic filing receipt issued by a trade marks office upon receipt of an electronically filed application.

29 The claims I was asked to consider at the hearing were filed with Dr Franks' letter dated 27 September 2004 and comprise 6 claims in total of which claims 1 and 6 are independent. Both those claims are directed to apparatus and any difference between them is subtle and of little consequence to my decision. For the sake of brevity I shall only reproduce claim 1 here, that being the claim Dr Franks focused on at the hearing. Claim 1 reads:

> 1. A computer apparatus comprising a plurality of computer entities, configured for processing data relating to at least one trade mark, each said computer entity comprising a data processor and a memory device, said apparatus comprising:
>
> a computer implemented display configured for displaying country data describing at least one country in which a trade mark application may be filed;

a computer implemented display configured for displaying classification data describing a list of goods and services classified into a plurality of different categories;

a computer implemented display configured for displaying price data relating to at least one transaction in relation to a said trade mark;

computer implemented means for selectively inputting individual items of said classification data;

computer implemented means for inputting trade mark data describing a trade mark;

computer implemented means for specifying an applicant of a said trade mark;

computer implemented means for entering financial data describing an account number of a customer;

computer implemented means for generating a confirmation message confirming said trade mark data, classification data, applicant data and price data; and computer implemented means for sending said confirmation message between individual said computer entities.

30 I am in no doubt that that filing of trade mark applications can be viewed as a business activity and I consider it to be potentially caught by the method of doing business exclusion. Furthermore, despite the claims being directed to apparatus for conducting that process, I am in no doubt that the invention comprises a program for a computer and is potentially caught by the computer program exclusion. That though is not the end of the matter. As I have indicated above, the case law teaches that an otherwise excluded invention is patentable if it makes a technical contribution. I therefore need to consider whether the present invention makes such a technical contribution

31 Dr Franks' first line of argument in this respect was that the invention provided the solution to a technical problem, namely how to configure a computer system for filing trade mark applications so that delays and errors associated with the collection of data were reduced. However, the courts have made it abundantly clear that merely automating processes that were previously conducted manually is not sufficient for an invention to be said to make a technical contribution. This is exemplified by the Court of Appeal's decision in *Fujitsu*.

32 In his responses to the various examination reports, and at the hearing, Dr Franks disputed whether the invention should be refused as amounting to no more than the automation of what was previously done manually. To do so would, he said, be akin to refusing a patent for a Stealth Fighter because that was a tool enabling someone to fly which could be viewed as automating the process of jumping from A to B. I can see two fundamental flaws in that argument. First, the tool in Dr Franks' analogy is an aircraft and that is not an excluded item. Conversely, in the present invention the tool is a program for a computer which is an excluded item. Second, the end result in the analogy is the process of flying (or jumping)

which again does not fall into any of the excluded categories in the Act. The end result of the present invention is the filing of trade mark applications which, as I have already said, I consider to fall within the business method exclusion. I thus see no mileage in this particular line of argument.

33 Dr Franks also sought to distinguish the present invention from that refused in *Fujitsu* on the facts. First he said that *Fujitsu* related to a different field, namely computerized modeling. Whilst I agree that some of the facts are different in *Fujitsu*, that does not in my mind affect the applicability of the general principles developed there. Using a computer to do what was previously done manually is not enough for an invention to be said to make a technical contribution. Second Dr Franks said that *Fujitsu* concerned a stand alone computer where as the present invention relied upon a network of computers. Thus he said the present invention was not merely computerization of a manual process. However, I can see nothing in *Fujitsu* to suggest that computerization is limited to use of a single computer rather than a network. Moreover, this is a point that has been considered by the Comptroller's Hearing Officers on numerous occasions[5] and they have always concluded that the fact that a network of computers is used does not provide a technical contribution when the advantages obtained are those you would expect to achieve from using a network. I see no reason to come to a different conclusion in this instance.

34 Dr Franks rigorously pursued one further avenue in his attempts to distinguish the present invention from those refused by the Court of Appeal in *Fujitsu* and by the Comptroller's Hearing Officers as relating to the mere automation of a manual process. This was in relation to the time critical nature of filing trade marks. The present invention, he said, provided the user with a real time receipt so that he was able to check immediately whether the data had been input as intended. Any error could therefore be corrected immediately thus avoiding the possibility of any trade mark rights being prejudiced. This, he said, was in direct contrast to the previous manual filing system where the delay in receiving confirmatory information could be catastrophic.

35 Whilst I can see the benefit of providing such functionality, I fail to see how it can be said to make a technical contribution. The invention may well constitute a new tool for e-filing of trade mark applications but the advantages it provides are precisely those I would expect to achieve from computerizing an existing manual process. That those advantages are particularly attractive in the specific (and time critical) field of filing trade marks does not in my opinion make any difference. The invention remains the computerization of what was previously done manually and as the courts have told us, that is not in itself sufficient to render it patentable.

36 Dr Franks said that another aspect which all four of his applications shared was their goal of making the data input process as easy as possible. He said that the filing of trade marks in multiple jurisdictions was extremely burdensome, particularly where a mark sought protection in multiple classes of goods and services. Against that background he said that it was extremely important that the hardware was configured to make that process as easy as

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5 See BL 0/317/00 and 0/253/03 for example on the Patent Office website http://www.patent.gov.uk/patent/legal/decisions/index.htm

possible so that a user was encouraged to input all the data in one sitting. In assessing the significance of this he said I should bear in mind the context in which the system would be used. In contrast to *Fujitsu* where the invention was implemented on a stand alone computer, Dr Franks said that the system developer would have no control over the hardware employed by individual users of the system. He said it was vital that the system functionality allowed users with a low specification PC or internet connection to input data efficiently. If it did not do so, he said, there was a risk that users would get fed up or that the system would crash and the trade mark would not get filed. In short, he said, if the interface was not good enough e-filing would just not be feasible.

37 Whilst there may be particular attractions in speeding up the data input process in the field of e-filing of trade marks I can see nothing in the particular way this is achieved in the present invention which could be said to provide a technical contribution. The information provided to the user is precisely what you would expect given the activity being conducted. I can see no technical problem being solved in providing it. At the hearing Dr Franks submitted a witness statement which detailed the correspondence he had with the programmer tasked with writing the software to put the invention into practice. This correspondence, he said, showed that he had had to employ inventive ingenuity to overcome the problems associated with the system. In Dr Franks' opinion this further demonstrated how the invention made a technical contribution through the method of implementation. I do not agree. In my opinion, what the exchange shows is that the programmer had an imperfect understanding of the trade mark system, for example what the Madrid system involves. Thus further input from Dr Franks was required to clarify the functionality required of the system and, in view of delays in providing the full functionality, to identify the minimum functionality the system should initially provide.

38 To my mind this is precisely the sort of dialog I would expect to take place between an inventor and a program developer and I can see nothing in the particular problems encountered which could be said to provide the necessary technical contribution. Whilst Dr Franks described this as configuring the computer to optimally extract the information from the user into the user interface, I think that is significantly overplaying things. The interface merely allows the user to input the data required for filing trade marks.

39 Finally, there is nothing in the specification to suggest that the hardware used to implement the invention is anything other than conventional. Admittedly once programmed it may constitute a new tool but it seems clear to me that any novelty is in the functionality the computer provides. The computer is not operating in a different way at a technical level. The functionality provided is to allow the e-filing of trade marks which, as I have already said, is to my mind an excluded activity. I fail to see how any technical contribution can derive from either the hardware or what the hardware is being used for.

40 Dr Franks' final line of argument as to why I should grant this application was that the lack of any agreed definition of "technical" or "technical contribution" meant that there was doubt as to precisely where the boundary lies between what is and is not patentable. Such doubt should, he said, be resolved in the Applicant's favour. Whilst it may be difficult to define the precise location of that boundary, I am in no doubt that the present invention falls on the excluded side of that boundary and thus there is no doubt to be resolved.

Decision

41 I have found that in substance, the invention defined in the independent claims comprises a method for doing business and a program for a computer. Moreover, I have found that the invention makes no technical contribution and therefore amounts to those excluded items "as such". The dependent claims are concerned with features such as the way the various data is presented or transmitted and I can see nothing in any of them that could be said to constitute a technical contribution. Moreover, I have read the specification in detail but have been unable to identify anything which could form the basis for a patentable claim. Consequently, I refuse the application under section 18(3) on the grounds that the invention is excluded under section 1(2).

Appeal

42 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.

A BARTLETT
Deputy Director acting for the Comptroller