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05th March 2007

PATENTS ACT 1977

APPLICANT Sony Electronics, Inc.

ISSUE Whether patent application number GB0423857.2 complies with section 1

HEARING OFFICER John Rowlatt

DECISION

Introduction

1 Patent application GB 0423857.2 was filed on 04 April 2003 in the name of Sony Electronics, Inc., entitled "Electronic tracking tag"; it is in the national phase under section 89 of a PCT application published as WO 2003/088127, which has an international filing date of 08 April 2002.

2 In his first substantive examination report, on 11 February 2005, the examiner objected that he considered that the invention related to a program for a computer and/or to it being a method of doing business, that the claims were not concise and that there was a possible conflict of claim with corresponding EP 1495435 A2, which designates GB. The objection that the invention was not patentable was argued on the basis of the Court of Appeal decision in *Fujitsu*[1], that there was no technical contribution.

3 Subsequent argument was based on the law as it stood in the light of *CFPH LLC's Application*[2]. The examiner applied the relevant test and considered that the invention did not provide an advance in a non-excluded field and was regarded as a method of doing business and/or a program for a computer and/or a method for performing a mental act; he suggested a hearing be appointed if the applicant could not agree.

4 The applicant could not agree and requested that a hearing be appointed if his counter-arguments were not accepted. A hearing was duly appointed for 29 September 2006, the examiner having issued on 04 August 2006 a summary of the outstanding issues. In doing so he noted various Office decisions which had followed the guidance of *CFPH*; their direct relevance was not discussed nor were they addressed by the applicant. Shortly before the

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[1] Fujitsu Limited's Application [1997] RPC 608, [1997] EWCA Civ 1174.
[2] *CFPH LLC's Application* [2005] EWHC 1589 (Pat), [2006] RPC 5

hearing was due to take place, the applicant requested a decision on the papers.

5 However, on 27 October 2006, before I had issued my decision, the Court of Appeal issued judgment in the case of *Aerotel Ltd v Telco Holdings Ltd and others* and *Macrossan's Application*[3] ("*Aerotel/Macrossan")*. This judgment set the framework for the assessment of patentable subject matter which, in a notice[4] published on 02 November 2006, the Patent Office stated would be applied by examiners with immediate effect. Accordingly, I asked the examiner to reassess the application; he wrote to the applicant, on 22 November 2006, setting out his view that the present invention failed the new four-part test set out in that judgment, and invited further submissions. The applicant responded on 08 January 2007 arguing that the examiner should be assessing the invention as a whole system, which therefore cannot relate solely to a programmed computer. My decision has taken into consideration these further submissions.

The application

6 The application relates to a system and method for distributing content within a peer-to-peer network, in which metadata associated with the content includes an electronic tag providing credits allocated for sharing content, the amount of sharing being tracked and updated on use of the content. The claims have been amended during prosecution and there are now two independent claims, as of 11 August 2006, which read:

> "1. A system for distributing content within a peer-to-peer network, the system comprising:
>
> a credit providing server operable to control the allocation of credits associated with the content to be shared, the credits being indicative of an amount of sharing the content, and
>
> a plurality of nodes, the plurality of nodes being arranged to form the peer-to-peer network, wherein the first of the nodes is operable
>
> to provide the content to be distributed within the peer-to-peer network, and
>
> to associate metadata with the content, metadata including an electronic tag and one of transactional data or a link to the transactional data, which tracks the distribution of the content, the electronic tag providing credits allocated for sharing the content among the nodes of the peer-to-peer network,
>
> and a second of the nodes is operable
>
> to receive the content and the metadata from the first node,
>
> to read the metadata, detecting the electronic tag comprising the credits allocated for sharing the content and detecting the transactional data, and

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[3] *Aerotel Ltd v Telco Holdings Ltd and others* and *Macrossan's Application* [2006] EWCA Civ 1371, [2007] RPC 7

[4] Patent Office Practice Notice: Patent Act 1977: Examining for patentability [2007] RPC 8; http://www.patent.gov.uk/patent/p-decisionmaking/p-law/p-law-notice/p-law-notice-subjectmatter.htm

in response to a qualifying event, the second node sends the transactional data associated with the content to the credit providing server, and

the credit providing server is operable to adjust the credits in accordance with the transactional data received from the second node to represent the amount of sharing of the content allocated to the second node."

and

"4. A method of distributing content within a peer-to-peer network comprising a plurality of nodes and a credit providing server for controlling allocation of credits associated with the content to be shared, the credits being indicative of an amount of sharing the content, the method comprising:

controlling the allocation of credits associated with the content to be shared, the credits being indicative of an extent to which the content may be shared, and

providing from a first of the nodes the content to be distributed within the peer-to-peer network, and

associating metadata with the content, the metadata including an electronic tag and one of transactional data or a link to the transactional data which tracks the distribution of the content, the electronic tag providing credits allocated for sharing the content among the nodes of the peer-to-peer network,

and a second of the nodes is operable

receiving at a second of the nodes the content and the metadata from the first node,

reading the metadata,

detecting the electronic tag comprising the credits allocated by the credit providing server for sharing the content,

detecting the transactional data, and

in response to a qualifying event, sending from the second node the transactional data associated with the content to a credit providing server, and

adjusting the credits in accordance with the transactional data received from the second node by the credit providing server to represent the amount of the sharing of the content allocated to the second node."

7 The electronic tag is merely data within the metadata which serves as an identifier. The qualifying event may be distribution (sharing) of the content, use, or purchase of the content and the transactional data may be distribution data, usage data or sales data.

The law

8 In his final report, the examiner has argued that the claimed invention relates to subject matter excluded from patentability under section 1 of the Act, in particular to computer program and/or a method of doing business under section 1(2)(c). The relevant parts of the section read:

> 1(1) A patent may be granted only for an invention in respect of which the following conditions are satisfied, that is to say -
> (a) the invention is new;
> (b) it involves an inventive step;
> (c) …..
> (d) the grant of a patent for it is not excluded by subsections (2) and (3) below;
>
> and references in this Act to a patentable invention shall be construed accordingly.
>
> 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 the act only to the extent that that a patent or application for a patent relates to that thing as such.

9 As near as is practicable, these provisions have the same effect as Article 52 of the European Patent Convention (EPC) to which they correspond by virtue of being so designated in Section 130(7).

Interpretation

10 As stated above, in *Aerotel/Macrossan* the Court of Appeal set out a new four-part test:

1) properly construe the claim;

2) identify the actual contribution;

3) ask whether it falls solely within the excluded subject matter;

4) check whether the actual or alleged contribution is actually technical in nature.

11 In his letter of 08 January 2007, the applicant disputes the examiner's application of the test, in particular the conclusion reached in step 3.

The arguments

12 In applying the first step, I do not think the construction of the claims presents any problems; indeed, there has never been an issue between the examiner and the applicant in this respect.

13 In following the second step, there is a significant difference between the assessment made by the examiner and that made by the applicant, so it is helpful to consider what the Court of Appeal meant by the actual contribution; they said, at paragraphs 43 & 44, "What has the inventor really added to

human knowledge perhaps best sums up the exercise. The formulation involves looking at the substance not form – which is surely what the legislator intended." and "In the end the test must be what contribution has actually been made, not what the inventor says he has made."

14 The examiner's view of the actual contribution made by the invention is an arrangement in which multimedia material includes an electronic tag which tracks the distribution of the content, the electronic tag providing credits allocated for sharing the content among nodes of the peer to peer network. If the receiving node wishes to use the multimedia material then the receiving node must contact a credit providing server which adjusts the credits allocated to that multimedia material in accordance with, for example, the use of that material by the receiving node in accordance with the share of the multimedia content used by the receiving node.

15 The applicant did not disagree but, despite arguing that it is the examiner's interpretation of step 3 which is in dispute, it seems to me from the applicant's letter of 08 January 2007 that I am also being invited to assess the actual contribution as the whole system, in that what is being claimed is not a computer, and that claim 1 recites a server as well as a plurality of nodes communicating as a peer-to-peer network. However, in considering substance over form, the presence of conventional hardware elements in the claim does not change the contribution. In this case, the elements of the hardware system are not new nor, as a whole, is the way in which they are linked.

16 It is clear to me from the correspondence on file that there is no dispute that, at the priority date, it was known, at least from US2002/0018841 and US2002/0186844, that associating metadata with content in a peer-to-peer network, using that metadata for tracking that content and then controlling its usage in the network is known. It was also accepted as well known to receive credits for content referral. The applicant suggests, and it does not appear to have been disputed by the examiner, that the use within metadata of an electronic tag providing credits and of defining transactional data has not been demonstrated in the prior art. The electronic tag is merely data which serves as an identifier of the extent of authorization to share content. The transactional data may be distribution data, usage data, sales data, or simply the sharing of content.

17 When the conventional hardware, communication mechanisms, known use of metadata in content usage tracking in peer-to-peer networks, credit referrals, and control of content are accounted for, I can conclude that the actual contribution made by this invention is that the metadata includes an electronic tag providing credits allocated for sharing content (data acting as an identifier of the extent of authorization to share content) and data defining a transaction, or link to a transaction, by which that authorization to share is allocated (distribution data, usage data, sales data, or simply the sharing of content).

18 In other words, the electronic tag is updated based on some kind of transaction having taken place, the data indicated by the tag being used to decide whether content may be shared. There appears to be nothing unconventional about the metadata structure itself, any data structure within it, how the data is read,

how it is manipulated, or how it is used.

19 The third step is to test whether the identified contribution lies solely within an excluded category. In essence, data associated with a qualifying transaction affects the data in the electronic tag to identify whether, or the extent to which, sharing is authorized. This represents an operational and commercial function in a context which is designed to restrict content sharing by requiring purchase, promotional offer or sharing of other content and to control sharing of that content unless it has been authorized by payment or other means. Therefore, I have no difficulty coming to the conclusion that this is a method of doing business.

20 Having come to this conclusion it is unnecessary to proceed to step 4 to consider whether the contribution is actually technical in nature.

21 Further, it is clear that the data manipulation and content control is achieved by software. Although the applicant suggests that the function could be implemented in hardware, I can find nothing in the specification on how that might be put into effect. In my view, anyone reading the claims and description would interpret the actual contribution as being implemented via software. Given that the hardware and peer-to-peer network arrangement is conventional, I find that the contribution is excluded as a program for a computer.

22 Again, having come to this conclusion it is unnecessary to consider whether the contribution is actually technical in nature.

Conclusion

23 I have found that the invention relates to a method of doing business and to a program for a computer. It is therefore not new and non-obvious (and susceptible of industrial application) under the description of “an invention” in the sense of Article 52 and is not patentable. I have been unable to find anything which could form the basis of a patentable invention in the amended application. I therefore refuse the application under section 18(3) as failing to meet the patentability requirements of Section 1.

Appeal

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

John Rowlatt
Deputy Director acting for the Comptroller