



BL O/183/05

28th June 2005

PATENTS ACT 1977

APPLICANT Dell Products L.P.

ISSUE Whether patent application N^o GB 0316992.7
is excluded by section 1(2)(c)

HEARING OFFICER Stephen Probert

DECISION

Introduction

- 1 Patent Application N^o GB 0316992.7 was filed on 21 July 2003 in the name of Dell Products L.P. It claimed priority from a US application that was filed on 23 July 2002. The application is entitled “Manufacturing optimization and synchronization process”, and it was published on 28 January 2004 with the serial N^o GB 2391089 A.
- 2 There were no novelty or inventive step objections raised during the examination process, and initial clarity and consistency objections were met by amendment. However, the examiner reported that the application was excluded from patentability by section 1(2)(c) of the Act. More specifically, he reported that the invention relates to a scheme, rule or method for doing business, and a program for a computer as such.
- 3 In a second examination report, the examiner observed that it was unlikely that further correspondence would resolve the issue and he invited the applicant to request a hearing. The applicant agreed, and requested that a hearing be appointed. The matter therefore came before me at a hearing on 31 May 2005, at which the applicant was represented by Mr Steven Howe of Lloyd Wise.

The invention

- 4 The invention concerns a system for prioritising the manufacture of products in a manufacturing and shipping facility. Products are conventionally manufactured according to one of two typical models — a “build-to-stock” model or a “build-to-order” model. In a build-to-stock model, quantities of identical products are manufactured on the basis of forecast demand. In a build-to-order model, products are manufactured only after an order has been received. The build-to-order model has the advantage that products can often be shipped directly to the customer as soon as they are manufactured, thereby minimising inventory requirements. In one scheme, large

orders received from a single customer are divided into 'lots', with a maximum number of units per lot, eg. fifty (50). In this scheme, lots are shipped to the customer when they are complete, and incomplete lots are stored in the shipping facility until they are completed.

- 5 The application observes that in such a build-to-order scheme, the throughput of the entire manufacturing process may be compromised by the accumulation of incomplete lots in the shipping facility, which may consume a substantial amount of floor space. The application further observes that this is often compounded by conflicting priorities of the manufacturing facility and the shipping facility. Specifically, the manufacturing facility typically favours the completion of older orders over more recent orders, whereas the shipping facility would usually give priority to the shipping of larger lots because this enables them to clear storage space sooner.
- 6 The idea behind the invention is to prioritise the manufacture of products such that lots having the fewest number of incomplete units are given the highest manufacturing priority and are completed first. Orders having the same number of incomplete units are then further prioritised (among themselves) according to the size of the order; larger orders having priority over smaller orders. Finally, orders having the same number of incomplete units and the same order size are yet further prioritised according to the age of the order; older orders having priority over more recent orders. According to the invention, orders with only a few incomplete units will be completed first thereby efficiently freeing floor space in the shipping facility.
- 7 The invention as claimed involves a computer system comprising two databases; a shipping database providing a list of all orders for the manufactured products, and a manufacturing database providing for each order the number of units for which manufacture is not complete. The computer system extracts incomplete orders from the shipping database and, using information from the manufacturing database, sorts the orders according to the prioritisation scheme described above. The sorted data can then be made available on an Intranet and viewed by any member of the management, manufacturing or shipping staff.

The Law

- 8 The examiner has reported that the application relates to a scheme, rule or method for doing business and/or a program for a computer as such. This objection is based on section 1(2) of the Act, the essential parts of which are shown in bold below:

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) a discovery, scientific theory or mathematical method;
- (b) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;
- (c) **a scheme, rule or method for performing a mental act, playing a game or doing business, or a program for a computer;**
- (d) the presentation of information;

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.

- 9 It has been established by the Courts that an invention will not be excluded from patentability by the above subsection if it makes a technical contribution¹. That is to say, if an invention makes a technical contribution, then it is *more than* one of the above excluded items, and cannot be regarded as “that thing *as such*”.
- 10 At the hearing, Mr Howe raised three main points for my consideration. Firstly, he addressed me on the divergence in approach between the British Courts and the Boards of Appeal of the European Patent Office (EPO) when considering excluded inventions. In summary, he submitted that according to the European approach the invention as claimed would not be excluded under Article 52, and therefore according to section 130(7) the invention should similarly not be excluded under section 1(2).
- 11 Secondly, Mr Howe addressed the issue of technical contribution. He submitted that the invention was more than just a way of preferentially treating orders to improve throughput in a manufacturing and shipping facility. Moreover, he stressed that it was a way of working out what information was needed, how to get that information, how to process that information, and how to display that information. He emphasised the use of two databases and the efficiency gains afforded by merging them, stressing also the real-time display of the results. He also suggested the possibility that the claims could be amended to include the manufacturing process itself. He maintained that all of these features made a technical contribution.
- 12 Finally, Mr Howe addressed the issue of inventive step. He pointed out that there are conceivably many ways in which the optimisation scheme of the invention could be implemented, and that the idea of using two databases and selectively merging information between them would not be the first way that people would think of doing it. He therefore submitted that, in addition to making a technical contribution, the claimed invention also involves an inventive step².
- 13 On the question of whether I should follow the most recent practice of the EPO or the approach of the British Courts, it is clear to me that my task is to decide whether the present application meets the requirements of the Act as interpreted by past decisions of both the British Courts and the Boards of Appeal of the EPO. However, whilst I must have due regard to the decisions of the Boards of Appeal of the EPO, that does not mean that the Comptroller is bound to follow them. On the other hand, the Comptroller is clearly bound by the judgments of British Courts. I am therefore left in no doubt that where I consider that there is a divergence between the judgments of British Courts and the EPO Boards of Appeal, I must follow the British Courts.

¹ *Fujitsu Limited's Application* [1997] RPC 14 at page 614.

² The examiner has not reported a lack of inventive step in this case. I understood that Mr Howe's submissions on this issue were made in the light of the EPO's current examination practice.

- 14 In practice, for reasons that have already been stated in *Outersonic*³, I do not think it would make any difference to the outcome of this (or any other) application whichever approach I were to follow. The presence of a technical contribution is the decisive factor in both cases. If there is no technical contribution, then an application will fail under either approach. The only difference seems to be one of semantics — ie. the application would be refused because either:
- a) it is not an invention for the purposes of patent law, or
 - b) it does not involve an inventive step once all the non-technical features have been notionally excised.
- 15 Having read the application carefully, it is clear to me that this application relates to a method of doing business as such. Although it is described and claimed using technical language, the invention is really a scheme for deciding the priority of work in a factory. It may well be a very clever idea, and it may produce substantial financial advantages in practice, but because it is a scheme, rule or method for doing business, it is excluded from patentability. Qualitative considerations do not enter into the matter.
- 16 If there were a technical contribution, then the consequences of section 1(2) would be avoided. This principle is clearly established in *Fujitsu* as outlined above (paragraph 9). However, I couldn't see any technical contribution in the application, and although Mr Howe tried his best to convince me that there was one — eg. in the manner in which information from the two databases is merged — I was not persuaded. I have read the specification in detail and I cannot see any technical contribution, or any other means of amending the application that would avoid this exclusion.
- 17 The examiner has also reported that the application relates to a program for a computer as such. There is no doubt that the invention is implemented by means of a computer program — that is perfectly clear from the patent specification. Nevertheless, the invention is first and foremost a scheme for doing business. Although I hesitate to disagree with the examiner's view that this application should also be refused on the grounds that it relates to a program for a computer as such, I am going to do so on this occasion. The part played by the computer program in this invention is purely incidental, and I think it would be misleading to refuse the application on this ground.

The amended claim

- 18 A few days before the hearing, Mr Howe submitted an amended claim directed to “a method of manufacture of products”. The claim incorporates all of the elements of existing claim 1, and also includes a final stage involving “... manufacturing products in accordance with the displayed data”. The amended claim also stipulates that the sorted data is displayed “in real-time”.
- 19 I have considered these possible amendments, but I do not think that either of them changes the position to any material extent. The addition of the manufacturing step is nothing more than a collocation. There is no synergy between the scheme for determining work priority and the manufacturing process.

³*Outersonic Limited's Application* BL O/273/04 dated 6th September 2004

20 Similarly, the limitation of 'real-time' display of the sorted data does not add anything of substance to the invention. When I read the specification the first time, I understood that the program would continually display the latest, up-to-date information available from the database rather than presenting a snapshot based on the data available at some point in history. There is no suggestion in the application that the inventor has solved any technical problem(s) or provided any technical solution(s) in order to produce the sorted information in 'real-time'. Therefore, in the specific circumstances of this case, I do not think that the inclusion of 'real-time' display would imbue the invention with the necessary technical contribution required by the Court to overcome the section 1(2) objection.

Conclusion

21 I have decided that this application relates to a scheme, rule or method for doing business as such. Consequently the invention is not an invention for the purposes of the Act, and I hereby refuse the application under section 18 on the grounds that the invention claimed therein is excluded by section 1(2)(c).

Appeal

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

S J PROBERT

Deputy Director acting for the Comptroller