



BL O/080/06

23 March 2006

## PATENTS ACT 1977

APPLICANT Overture Services Inc

ISSUE Whether patent application number GB  
0218131.1 complies with section 1

HEARING OFFICER P Thorpe

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## DECISION

### Introduction

- 1 Application GB 0218131.1 entitled "Search engine account monitoring" was filed on 5 August 2002 claiming priority from two United States applications with an earliest date of 3 August 2001. The application was published as GB 2381613 on 7 May 2003.
- 2 Throughout the examination process the examiner reported that the invention was excluded from patentability under section 1(2). Despite numerous rounds of correspondence the examiner and applicant have been unable to reach agreement as to the patentability of the invention. In his latest report the examiner observed that it was unlikely that further correspondence would resolve the issue, and 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<sup>1</sup> on 23 January 2006 at which the applicant was represented by Mr Geoffrey Dallimore of Boulton Wade Tennant.

### The invention

- 3 Anyone familiar with the internet will be aware that it is possible to enter search terms into a search engine to obtain a list of websites relevant to those search terms. For example when a user enters "UK Patent Office" into an internet search engine a list of results will be produced including hopefully a listing of the website of the UK Patent Office. As well as being a source of information, the internet is also rapidly growing as an online marketplace. This growth has attracted advertisers keen to advertise their own websites.
- 4 Advertisers on the internet pay search engine providers to have their websites listed in search listings. Typically they will identify relevant keywords or

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<sup>1</sup> The hearing on this application was held at the same time as the hearing on three other applications filed by Overture Services Inc. These are the subject of decision O/078/06, O/079/06 O/081/06.

phrases such that if those words or phrases are entered into a search engine then their page will be included in the results of a search. For example a company providing intellectual property related services might wish to have its website appear in any search based on the keyword "patent".

- 5 The amount an advertiser is prepared to pay can influence the location of their page in any list with typically the more they pay the higher up in the listing. This reflects the fact that users tend to click more on the results at the top of the first page of results than they do on say the results at the bottom of page 5.
- 6 An advertiser might pay each time his website is displayed. He might also pay more each time a user "clicks" on his page, which is often called clicking through. An advertiser might also pay more again if a user who clicks through to his page does something further for example he purchases a product online.
- 7 The aim of the invention is succinctly set out on page 5 of the application as filed. It claims that the account monitoring system allows the search engine provider to provide account information to the various advertisers in order to prevent overcharging and taking into account fraudulent charges.
- 8 As I understand it, the invention essentially produces a search result list in response to a search request, the order of the listings being determined by a predetermined ordering methodology which also takes into account whether an advertiser has a sufficient account balance remaining. If the balance is zero or below a certain threshold then they are given a less favourable position in the result list or are not listed at all. In determining the account balance the method disregards what it terms as non-chargeable events.
- 9 As discussed above advertisers might be charged each time their web site is displayed in a listing, each time their displayed website is clicked on (clicked-through) and also each time that a subsequent action, e.g. a purchase occurs after a user has clicked-through to their website.
- 10 It is possible that a user might inadvertently click twice on a particular website. The method according to the invention searches for instances such as this and ensures that the advertiser is charged for only one click. The method also seeks to identify when an advertiser's listing is being abused. For example a certain number of requests for the same advertiser within a certain period of time from the same internet address might indicate fraudulent activity. The benefit of this is that the advertiser is not charged for these "non-chargeable" events.
- 11 The latest claims are those incorporating amendments filed on 23 November 2005. There are two independent claims; claim 1 relating to a method of generating and ordered list and claim 19 directed to a network search engine for effectively performing the method of claim 1.
- 12 Claim 1 reads as follows:

A method of generating an ordered search list via a search engine, the method

comprising:

Receiving from a searcher over a network a search request, the search request having at least one search term;

Retrieving from a search results database a set of search listings associated with the search term, wherein at least some of the retrieved search listings in the set are associated with an advertiser's account such that the advertiser's account is charged a priced amount if a chargeable event occurs in connection with a selected search listing of an advertiser;

Determining an account balance for the advertiser's account based on a difference between charges and deposits from respective advertisers, including determining a reconciled balance for the advertiser's account, where the reconciled balance comprises a difference between deposits and a set of current chargeable event charges;

Ordering the search listings into a search result list according to a predetermined ordering methodology, including ordering the search listings associated with advertisers with reconciled balances that are below a reconciled threshold as if their priced amount was zero, and including ordering the search listings after disregarding charges for non-chargeable events to reduce over-delivery of the search listings and reduce over-billing of competing advertisers;

Providing the ordered search list to the searcher via the network; and assessing charges to the advertiser's account as a function of the searcher selection of the search result listing, including generating a result event list, eliminating from the result event list events which are non chargeable events or fraudulent events, and deducting an event charge amount from the account balance for the advertiser's account.

## **The Law**

- 13 The examiner has reported that the application is excluded under section 1(2) of the Act. 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) a discovery, scientific theory or mathematical method;
- (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

- 14 These provisions 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 (EPC), to which they correspond. I must therefore also have regard to the decisions of the Boards of Appeal of the European Patent Office (EPO) that have been issued under this Article in deciding whether the present invention is patentable.

### Interpretation

- 15 In a Practice Notice<sup>2</sup> issued on 29 July 2005, the Office explained that it was adopting a new approach to assessing whether an invention relates to unpatentable subject matter. This new approach reflects the approach adopted by Peter Prescott QC sitting as Deputy Judge in his judgment in *CFPH*<sup>3</sup>. The new approach is a two step approach which can be summarized as follows:

Identify what is the advance in the art that is said to be new and not obvious (and susceptible of industrial application)

Determine whether it is both new and not obvious (and susceptible of industrial application) under the description of an “invention” in the sense of Article 52 of the European Patent convention – which section 1(2) of the Act reflects.

- 16 Once the new and non-obvious advance has been identified, Mr Prescott suggests that it would often be possible to determine whether this was an advance under the description of an invention by asking “Is this a new and non-obvious advance in technology”. However, because of the difficulty sometimes associated in determining what is meant by technology, Mr Prescott says that if there is any doubt in this regard then it will be necessary to have recourse to the terms of Article 52 of the EPC.
- 17 Subsequent judgments issued by the High Court (*Halliburton*<sup>4</sup>, *Shoppalotto*,<sup>5</sup> *Crawford*<sup>6</sup> and *RIM v Inpro*<sup>7</sup>) all point to a similar requirement for a technical advance in order to pass the test for patentability.

### Mr Dallimore’s submission on the approach that I should take

- 18 Mr Dallimore addressed me at some length at the hearing on the new approach being adopted by the Office. In particular he expressed concern that this approach appeared to be significantly shifting the boundary as to what is and is not patentable. This he believed was especially so in relation to computer programs. Having read some of the Office decisions implementing the new approach he had formed an impression that if an invention resided solely within the operation of a computer then it would not be patentable. If however the invention was using a computer to control something outside of a

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<sup>2</sup> Patent Office Practice Notice: Patents Act 1977: Examining for Patentability” see <http://www.patent.gov.uk/patent/notices/practice/examforpat.htm>

<sup>3</sup> *CFPH LLC’s Application* [2005] EWHC 1589 (Pat)

<sup>4</sup> *Halliburton Energy Services Inc v Smith International (North Sea) Ltd and others* [2006] RPC 25

<sup>5</sup> *Shoppalotto.com’s Application* [2005] EWHC 2416 (Pat)

<sup>6</sup> *Cecil Lloyd Crawford’s Application* [2005] EWHC 2417 (Pat)

<sup>7</sup> *Research In Motion UK Ltd v Inpro Licensing* [2006] EWHC 70 (Pat)

computer say an industrial process then that could be patentable.

- 19 Mr Dallimore also questioned whether under the new approach the invention that was found to be patentable in *Vicom*<sup>8</sup> would still be patentable. The *Vicom* decision in his opinion had been strongly affirmed in *Fujitsu*<sup>9</sup> where support was also to be found for the concept of technical contribution. He also suggested that *CFPH* had also affirmed *Vicom*. He referred me specifically to paragraph 64 of *CFPH* where Peter Prescott QC in discussing *Vicom* notes that the Board

“did not allow the applicants to monopolise the mathematical method for all conceivable purposes, but they did allow it for the image-enhancing process. I believe that that aspect of the Board’s reasoning holds good today.”

- 20 Mr Dallimore referred me to further passages in *CFPH* all in his opinion affirming that a computer program is not a computer program “as such” if it is carrying out a technical process. The intent behind this line of argument was to persuade me against adopting an approach that took in his view an overly strict interpretation of paragraph 103 of *CFPH* which reads:

“It was the policy of the “computer program” exclusion that computer programs, as such, could not be foreclosed to the public. (Copyright law is another matter). They would be foreclosed if it was possible to patent a computer when running under the instructions of the program, for example, or a magnetic disk when storing the program.”

- 21 In particular Mr Dallimore appeared concerned that I would proceed on the basis that this particular paragraph effectively excluded any computer program from patentability.
- 22 It is clear to me that the Deputy Judge in *CFPH* did not intend to “foreclose” all computer programs from patentability. Rather it appears to me that the intent in this particular paragraph is to reiterate that the computer program as such exception cannot be circumvented by seeking to claim a computer program as such under the guise of a computer running the program or a disk containing it.
- 23 This is consistent with the long established principle of UK patent law that in deciding whether an invention is patentable, it is the substance of the invention that is important and not the form of wording used to claim it.
- 24 As the practice notice makes clear, the Office’s new approach following *CFPH* does not change the boundary of what is patentable and for the vast majority of cases the answer under the new approach will be the same as under the previous one.

## Argument

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8 T208/84 *Vicom* [1987] OJEP 14

9 *Fujitsu Limited’s Application* [1997] RPC 608

- 25 In the latest examination report the examiner objected that the invention was excluded from patentability as it is merely a computer program as such, a mental act and/or a method of doing business. At the hearing the examiner sought to rely only on the computer program and business method exceptions.
- 26 There was also an objection to added matter. I am however satisfied after discussing this at the hearing that this particular objection is i) surmountable and ii) not critical to the broader question of whether the invention relates to a patentable invention. It is therefore not necessary to discuss it further here.
- 27 Mr Dallimore has previously indicated that the advance provided by this application is the ordering of the search listings after disregarding charges for non-chargeable events. At the hearing he confirmed that this was still his opinion. I accept that this is indeed the advance.
- 28 Applying the second part of the test I need to decide whether this advance is both new and not obvious under the description of an “invention” in the sense of section 1(2) of the Act. Or to put it in another way is the new and non obvious advance or contribution in technology?
- 29 Mr Dallimore was at pains to stress that although the invention was implemented by a computer program this does not necessarily mean that it is a computer program as such. Equally although there is an underlying business model, it is not a method of doing business. He argued that there are technical considerations in implementing the invention. In particular he suggested that the filtering of the data is technical in nature.
- 30 There is no dispute that the invention is a computer implemented invention that uses hardware that is entirely conventional. That the invention is given effect by software, i.e. a computer program does not however mean that it is excluded as a computer program as such. I need to look beyond the means for effecting the advance and look at the advance itself. If that is technical in nature then we are not dealing solely with a computer program.
- 31 In paragraph 104 of *CFPH* the Deputy Judge introduced his “little man” test as a possible way of testing whether an invention is really about computer programming at all. The attraction of this test in inventions where the computer is used to control an artifact or industrial process is clear to see. However as the examiner has already noted it does not readily apply itself in cases such as this where there is no such artifact or industrial process to control.
- 32 Rather it is necessary to consider whether the computer program is contributing anything that is technical in nature. In *Vicom*, as the Deputy Judge in *CFPH* acknowledged, the contribution, automatic image enhancement, was considered to be technical.
- 33 Here however the contribution or advance is geared to providing account information to the various advertisers in order to prevent overcharging and taking into account fraudulent charges. Despite the efforts of Mr Dallimore to persuade me otherwise I believe that neither this nor the manipulation of data

necessary to provide the information is technical. Rather the advance comprises a business method, which may indeed be an improved business method but nevertheless is still just a business method which disregards non-chargeable events when it determines search listings. That the business method is implemented through a computer program also means that the invention is also excluded as a computer program per se.

### **Conclusion**

- 34 I have found that the invention relates to a method of business and a computer program. I have looked carefully through the application but have been unable to identify anything that might support a patentable claim. I am sure if there was anything else in the application then Mr Dallimore would have brought it to my attention. I therefore refuse the application under Section 18(3) on the grounds that the claimed invention is excluded under Section 1(2).

### **Appeal**

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

Phil Thorpe  
Deputy Director acting for the Comptroller