

1. A securities trading program for trading individual lots of a security, the trading program being implemented at, and operable from, a security trader's computer station and having a trading screen comprising market information about the security, characterized in that the market information comprises:

- a) a listing of multiple priced bids for the security; and
- b) a listing of multiple priced offers for the security;

wherein the bid and offer listings are active enabling the trader to hit any one of the displayed bids or take any one of the displayed offers.

5 There were further independent claims, claims 23 and 24, directed to:

23. A computerized method of trading financial securities between multiple securities traders, each employing a trading program resident at a computer station, the computer stations being communicable with each other for the mutual exchange of program data, wherein an individual trader receives an order to buy or sell a security lot from a client, the method being characterized by comprising the following method steps:

- a) viewing multiple displayed bids and offers for the security;
- b) deciding on the basis of the viewed bids and offers whether to be an aggressor or to enter the market on the passive side; and
- c) either executing on or successfully negotiating with a displayed bid or offer or posting a new bid or offer.

24. A computerized method of trading financial securities between multiple securities traders, each employing a trading program resident at a computer station, the computer stations being communicable with each other for the mutual exchange of program data, wherein an individual trader receives an order to buy or sell a security lot from a client, the method being characterized by the following method steps:

- a) viewing multiple displayed bids and offers for the security;
- b) selecting any one of the displayed bids or offers; and
- c) transacting a system-executed sale with the selected bid or offer.

6 The common area was thus that the trader could view multiple displayed bids and offers for a security on a program-controlled computer station, and take some action on at least one selected bid or offer.

7 These claims, referring as they do to a trading program on a computer station as a central feature of the invention, and to various steps of trading securities, did not sit comfortably with the exclusions in section 1(2) to programs for computers and to methods of doing business, and the agent has made various amendments to the claims. The most recent set of claims seen by the

examiner were directed to “A user-interactive interface for enabling a user to interact with trading data from users of an electronic communications system”. Shortly before the hearing a yet further set of claims was submitted in which nine new claims were inserted before those pre-existing claims. I quote claim 1 of those new claims as representative of the agent’s most recent proposal for the definition of the invention:

1 A user station for managing orders in a market for trading securities, the station comprising

a display for selectively displaying order information;

a computer for receiving the orders and for controlling the display; and

means for entering the orders into the computer

wherein the display has means for displaying selected information about the orders in a value queue in an order region, and means for displaying a control region;

wherein the entering means includes means for receiving order information from a remote entry location and for integrating received orders into the display of order information; and

wherein the order region is user-selectable to enable selection of any one or more of the orders in the value queue and the control region is user selectable to send a trading command to the computer for each selected order.

- 8 It can be seen that the invention is now cast primarily as hardware, and there is no specific mention of software. The display is now required to have two regions. The generic term “order” now replaces the references to bids and offers of a security; Mr Neobard at one point in the hearing indicated his willingness to replace “order” by “bid and offer” to revert to previous terminology, should that be felt necessary.

The Law

- 9 The examiner has raised objections under both section 1(2) (excluded category) and section 1(1) (novelty and inventive step) of the Act. These sections are well-known and I will not quote them. My methodology in this decision will be to consider the objection under section 1(2) first. If I am unable to come to a clear decision on this point I will go on to consider the section 1(1) objections, but not otherwise.
- 10 As regards the interpretation of section 1(2), my approach will be governed by the judgment in *CFPH LLC’s application [2005] EWHC 1589 Pat* and the Practice Notice that was issued by the Patent Office thereafter (29 July 2005). In *CFPH* a two-stage test was advocated (paragraph 95):

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

(2) Determine whether it is both new and not obvious (and susceptible of industrial application) under the description “an invention” in the sense of Article 52 of the European Patent Convention – broadly corresponding to section 1 of the Patent Act 1977.

- 11 I note that Pumfrey J provided a somewhat more concise expression of this in *Research In Motion UK Ltd v Inpro Licensing [2006] EWHC 70 (Pat)*: “Taking the claims correctly construed, what does the claimed invention contribute to the art outside excluded subject matter? The test is a case-by-case test, and little or no benefit is to be gained by drawing analogies with other cases decided on different facts in relation to different inventions.”
- 12 My first task is therefore to come to an understanding of what advance or contribution (which can be expected to be novel and inventive) the claimed invention makes in and over the art. Here I need to reflect on the changes that have been made to the claimed invention, and on the submissions made by Mr Neobard at the hearing.

Mr Neobard’s submissions

- 13 Mr Neobard began by reminding me that the exclusions from patentability are in part intended to prevent the patenting of abstract matters, including discoveries. But if there were a way of pulling the invention into the real world, an area of technology, then we have something patentable. Mr Neobard referred to “free beer” claims, by which he meant claims that rely solely on functional integers (“means for doing x, y, z”) without saying how those functions could be achieved. Such a claim can in the end monopolise all means for putting into effect a particular method. If that were in the business area, that would result in a method of doing business in both form and substance, and it would prevent third parties from putting into effect that business method. Functionally-claimed matter, where all the functionality is to do with a business method, is not going to be patentable, but not all functionally-claimed inventions will equate to a business method as such, or a program as such.
- 14 This, he argued, put the Merrill Lynch case [1989] RPC 561 into some perspective: the claim there was recited in terms of “means”. It was therefore rightly equated to a method of doing business. This was to be contrasted with another Merrill Lynch patent – GB 2 180 380 “Automated securities trading apparatus” – which was granted, and in which the invention was cast in the main as apparatus. Mr Neobard argued that because the latter patent reflected one specific way of putting a business method into effect, there were other ways of performing the method that were not so monopolized and the claim should not therefore be equated with a method of doing business.
- 15 In my view this submission is not well-founded. Firstly, with respect to GB 2 180 380 I am not familiar with the considerations that were weighed to allow this application to proceed to grant, and I am not in any case bound by them. Secondly, the extent to which a claim drawn up nominally to apparatus implies a method as a matter of performance, and a matter of substance, is something to be decided on a case-by-case basis: and the fact that an apparatus claim

might include a degree of specificity as to hardware does not take the claim out of consideration from this point of view. In substance the claim may be a method of reduced scope, but it remains a method for all that. The fact that the present underlying method of trading might be implemented (less advantageously perhaps) with hard-wiring, as Mr Neobard envisaged at one point, and thus not infringe the present claim, is not conclusive that the present claim is not in substance a method of doing business, albeit perhaps of different scope.

- 16 Mr Neobard further submitted that, in relation for example to the document US 5 297 031 which had been cited by the examiner, the technical advance in the interface of the invention was to put the orders into a queue in value, allow the trader to select any one or more of them, and then with a single click make a trading command to act on those orders. He submitted this did not amount to a program for a computer, pointing to another previous granted GB patent, GB 2 377 527, which also provided an interface for electronic trading in commodities, and had been granted because, if one followed the EPO ruling on the same case, it addressed a technical problem, which is dealing with rapidly moving information, providing certainty as to what is being traded, and economy in how that trading is effected. The present invention did exactly the same: it offered an advantageous interface, which could not fall under the business method exclusion. Mr Neobard also rejected the notion that the invention amounted to the presentation of information as such. The ability to select and act on more than one offer for a security offered an important advantage in terms of speed.
- 17 Again I must say that I am not bound by the outcome of a previous examination, and must deal only with the facts of the present case. What is crucial for the test advocated by the CFPH case is, firstly, the identification of the advance in the art, and now is the point to formulate that. In my view the relevant art is the electronic trading of securities wherein traders use computer displays showing order information; and the advance in that art offered by the present claimed invention, which advance should be novel and inventive, is jointly the display of multiple bids and multiple offers for a security (possibly in value order), and the ability for the trader to select one or more of those bids or offers and to trade on those selected bids or offers. This assessment is consistent with the body of the specification, see for example the "Summary of the Invention" at page 4.
- 18 The second question required by CFPH is then whether that advance (assumed to be novel and inventive) is both new and inventive under the description "an invention" in the sense of Article 52 EPC. Here I am clear that the advance is confined to a method of doing business. Moreover I would say, although the CFPH test does not require me to find this, that the relevant art – electronic trading of securities – and the advantages that are said to flow from the above advance – increased capabilities and speed – are all also confined to doing business. I see nothing here which is *not* to do with doing business and doing it in a better way. It follows from this that amendments to the claims, such as have been made here in the course of prosecution, which attempt to emphasise the hardware implementation and the functions achieved thereby,

do nothing to alter the fundamental character of the invention, which is here inescapably delimited by the disclosure of the specification.

- 19 The CFPH judgment supports this conclusion because I perceive certain parallels between the inventions there and here: both inventions have operatives using computer workstations, implemented with conventional hardware, which provide information on the basis of which the operatives take decisions on financial transactions of one sort or another (there, wagering; here, trading securities); and both inventions are at root concerned to give better quality information and better capabilities for the operative. The respective fact sets are not of course identical and I must give the present facts full and independent consideration; but I feel the conclusion I have reached is not only consistent with, but is strongly implied by, the CFPH judgment. The present invention improves the activity of trading securities, and the improvement is achieved by modifying that activity by functional means, such as software. This follows as much from the claims as now presented as from those formerly presented, when they are read in the light of the description. The advance does not therefore escape from the description "a method of doing business". The conclusion is therefore that the application is to a method of doing business as such.
- 20 That clearly being so, I do not feel it necessary to decide whether the invention is also excluded as a program for a computer, or as the presentation of information, or whether the invention is in fact novel and inventive over the art cited by the examiner.

Conclusion

- 21 I decide that this application did not, at the end of the period prescribed by section 20 of the Act on 30 January 2006, comply with the requirement of section 1(2) of the Act, in that the invention is excluded from patentability as a method of doing business as such. In accordance with section 20(1) the application is thus to be treated as having been refused on 30 January 2006.

Appeal

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

H J Edwards

Deputy Director acting for the Comptroller