



intellectual property rights such as patents and trade marks. It is particularly directed to enabling any member of the public, over the internet, to receive a quotation for a particular renewal and to go ahead and order and pay for that renewal if he so wishes.

6 As described, the system comprises user terminal(s) which can be used to access web pages generated by a transactional computer. The user can input details of the right to be renewed, and receive a quote for the cost of that renewal and details of the next renewal date. To this end the transactional computer has databases which store renewal fees for different countries, a zone database which stores a list of countries and a cost calculator for calculating the costs of different renewals accordingly. The system also has a service provider computer which is used to update the transactional computer databases on fee changes etc, and to receive renewal orders from the transactional computer.

7 In the application as it stands amended on 5 September 2005, there are 24 claims of which claim 1 is the only independent claim. It reads:

A networked transaction system for enabling instructions to renew intellectual rights to be provided online over a communications network, said system comprising:

one or a plurality of user terminals each comprising a browser;

at least one service provider computer entity;

a transactional computer being remote to each said user terminal operable to provide an on-line interface display accessible by each of the user terminals, the transactional computer capable of carrying out on-line transactions for the fulfillment of orders and instructions for renewal of intellectual property rights by said at least one service provider computer entity, said transaction computer entity capable of communicating with said one or plurality of user terminals and said at least one service provider computer over a said communications network;

said transactional computer comprising:

(i) a display and transaction interface for generating an interactive graphical display capable of displaying information and inputting data;

(ii) a transaction engine for receiving data input at the display and transaction interface;

(iii) a cost calculator engine for calculating costs corresponding to different renewals operations in different countries/regions in respect of a plurality of intellectual property right types, wherein said costs are calculated according to intellectual property rights

renewals data input at the transaction and display interface, said cost calculator engine being operable for calculating the cost of renewals in respect of a specified number of classes of goods/services for a mark;

(iv) a cost database storing tabulated data on renewal costs for one or a plurality of countries/regions;

(v) a zone database for storing a list of countries/regions where intellectual property rights may exist;

(vi) an administration interface allowing the service provider computer entity to modify data contained in the cost database, and zone database, and also allowing the service provider to view details of transaction orders received;

(vii) means for generating said administration interface display, accessible to modify or enter data relating to intellectual property right renewals, including geographical zone data and cost data;

said service provider computer comprising a browser, said service provider computer being operable to access the transactional computer to receive transaction orders collected by said transactional computer, and to apply changes of data relating to intellectual property rights renewals, on at least one said stored data base of the transactional computer; and means to communicate a calculated cost information to said user computer entity.

## **The law**

8 The relevant provisions of section 1 are:

*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.*

*(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.*

## The issues

- 9 This is an evolving area of patent law, which is reflected in the correspondence between the examiner and the applicant. In the most recent exchanges the case is argued against the judgement of Mr Peter Prescott QC, sitting as a Deputy Judge, in *CFPH LLC's Application* [2006] RPC 5. I note there are a number of other recent relevant judgments which have not been considered in the prosecution of this application, notably *Halliburton Energy Services Inc v Smith International* [2006] RPC 2, *Shopalotto Ltd's Application* [2006] RPC 7, *Crawford's Application* [2006] RPC 11, *Research in Motion UK Ltd v Inpro Licensing* [2006] EWHC 70 and *Macrossan's Application* [2006] EWHC 705.
- 10 In the *CFPH* judgment, a two step test is proposed to determine questions of exclusion under section 1(2), namely:
- (1) identify what is the advance in the art that is said to be new and not obvious (and susceptible of industrial application); and
  - (2) 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.
- 11 Applying the *CFPH* tests the examiner argued that:
- following step (1), on the basis that the computer system [ie the hardware] claimed, is known, then the advance is the use of the transactional computer to make calculations relating to the renewal of intellectual property rights in different countries or regions
  - following step (2), this advance is in an excluded area, namely a business method or a computer program.
- 12 He concluded on this basis that the invention is excluded from patentability.
- 13 The applicant responded that "it is not enough to reject an application on an assumption of the prior art. The prior art must explicitly disclose all features of the claimed invention in order to deny the claims of novelty", and in support quotes the well known authority *General Tire and Rubber Company v Firestone Tyre and Rubber Company Limited* [1972] RPC 457 where at page 486 the Court of Appeal said "To anticipate the patentee's claim the prior publication must contain clear and unmistakable directions to do what the patentee claims to have invented". The applicant went on to argue that "the examiner has not forwarded any prior art to show that the claimed invention

(excluding any matter falling within Article 52 EPC) lacks novelty.” The examiner’s response was to point out that the application itself describes the computers used as being conventional.

- 14 The applicant has also referred to a number of patents – namely GB 2339941, GB 2226217, GB1489571, EP0927945 and EP0434224 – arguing that the present application “is at least as technical as these” and that the *CFPH* judgment “would be applied no differently to the present case , compared to the above granted patents. Therefore by analogy, the application is outside the exclusions of section 1”.
- 15 As noted above, the applicant has filed further submissions in response to extension of the patentability exclusions under consideration to include the mental act exclusion of section 1(2)(c). In these submissions the applicant points out that in paragraph 130 of *CFPH*, Mr Prescott acknowledges that the European Patent Office may have granted as many as 40,000 patents for computer programs as such, some of which also pertain to business methods. The applicant argues that it follows that *CFPH* is bad law in that one judge in one case has gone against the views of the many at the EPO who granted those 40,000 patents. He also argues that public policy throughout Europe on the patentability of computer programs and business methods is consistent with this approach by the EPO.
- 16 The applicant also submits that, contrary to the line taken by the Patent Office, the exclusions of section 1(2)(c) should be treated as mutually exclusive.

### **Conclusions**

- 17 It is convenient to turn first to the applicant’s further submissions on *CFPH*, namely that this judgment is contrary to European policy on patentability in general and EPO practice in particular.
- 18 In this context I note firstly that one of the principal drivers behind the *CFPH* judgment was to reconcile the differences in the approaches of the EPO and the Patent Office on patentability.
- 19 Mr Prescott summarises the differences as – broadly speaking - that in the UK what is looked for is a technical contribution, whilst in the EPO if there is any technical feature at all in a claim, it is taken to be an invention, then in deciding whether it is old or obvious, anything that is not a technical feature is ignored. He concludes that the two approaches should provide the same result if applied properly. He then makes an extensive analysis of the case law – of both the UK courts and the EPO - before proposing the two step approach referred to above.
- 20 In its aim of providing a convergence of approach consistent with case law, this judgment in fact moves away from the UK approach towards the EPO approach. It follows to my mind that the applicant’s conclusion - that this judgment represents a complete reversal which conflicts with European policy and EPO practice and would render incorrect the grants of 40,000 EPO

patents - is not sustainable. I am in any case bound by this precedent. I turn then to the *CFPH* approach.

### **The *CFPH* approach**

21 The hardware set out in claim 1 is to my mind indisputably conventional – comprising no more than one or more user terminals and two computers (one remote) in a network. As pointed out by the examiner, the specification itself refers variously to “user terminals 100, being *conventional* personal computers” (see page 15 lines 10 and 11 as published), “a service provider computer 104, comprising a *conventional* PC” (page 15 lines 21 and 22), “a *known* communications network” (page 15 line 30). The transactional computer is not so described but there is nothing in the specification to suggest that it or indeed any of the hardware, taken as individual components or collectively, is other than conventional. The reference to *General Tire* appears to me to be out of context – we are dealing here with prior art which to a large extent is acknowledged in the specification as known and which to my mind is in any case common general knowledge. Much more pertinent it seems to me are the comments of Pumfrey J in *Shopalotto* at paragraph 12 where he said:

.. in the present case, the physical underpinnings of the claim are a general purpose computer programmed to provide a web server and the Internet, matters which at the priority date were so notorious that it would be absurd in a technical context to feign ignorance of their existence, purpose and (so far as relevant) manner of operation

22 It follows that what we have is a known computer system programmed to carry out a particular method. In this method, a user specifies a particular transaction, namely the renewal of an intellectual property right, the price is calculated for him, and he can then make a purchase (or “order”). It is this that to my mind constitutes the advance in the art – or the contribution - that might be said to be new and not obvious, as per the first step in *CFPH*.

23 Whether or not this method itself is new and not obvious, it seems to me to fall wholly within the ambit of a “scheme rule or method for performing a mental act .. or doing business” and as such is excluded from patentability under section 1(2) – the second step of *CFPH*.

24 The method clearly relates to a complete business transaction - a user makes an enquiry, gets a price, decides whether or not to make a purchase and, if yes, places an order. On the face of it this would appear to be a prime candidate for exclusion as a business method. However what this expression means in the context of section 1(2) has been reassessed in the recent judgment in *Macrossan*. Here at paragraphs 28 to 30, Mann J distinguished between providing business services or products for which the customer is prepared to pay and for which the customer contracts – which he held was not the exclusion that the Act was aimed at; and the more abstract or underlying abstraction of business methods such as market making techniques, ways of carrying out auctions, the concept of the joint-stock company, or the operation

of a pensions scheme – which he felt was what the exclusion was aimed at. I am not sure that in the present case there is the necessary level of abstraction or generality to qualify as a business method on this basis.

- 25 However, it seems to me that the method in any case falls within the mental act exclusion. The core of the invention is to take various items of information – notably fee levels for the renewal of intellectual property rights and the relevant country or region - and to make calculations using that information in order to give a user cost and other information. The act of processing this information to achieve that result seems to me to constitute a mental act, since without a computer a skilled individual would do the same thing in much the same way.
- 26 Looked at from a different perspective, the advance might alternatively be regarded as the computer program used to execute the method, and I would expect – given the complexity involved - that there is a high probability of this being both novel and inventive. Computer programs may or may not be excluded from patentability. To paraphrase *CFPH*, they are not excluded if they relate to better rules for governing an automatic pilot or the manufacture of soup for instance; they are excluded if they relate to better rules for carrying out something in an excluded area. Here it seems to me we have no more than the automation of, if not a business method, then a mental act, and in consequence exclusion from patentability as a computer program *as such*.
- 27 The applicant also argues in his further submissions that, contrary to the line taken by the Patent Office, the exclusions of section 1(2)(c) should be treated as mutually exclusive. He goes on to argue that if, for example, computer programs per se became patentable, then a program relating to a program per se and a business method per se would be both patentable and not patentable at the same time, which is logically impossible.
- 28 I am not persuaded by this however. I see no reason to construe 1(2)(c) in that narrow sense; and the applicant has not referred me to any authorities that support such a construction. In the hypothetical situation he describes it seems to me that a claim that is bad because it relates to a business method is not rendered acceptable because it meets some other requirement of the Act, whatever that is.
- 29 For completeness I should add that whatever the particular exclusion or exclusions that might apply, I can find no advance in a non-excluded field that the second step in the *CFPH* requires for an invention to be patentable.

### **The technical contribution approach**

- 30 In the *CFPH* judgement, the two step approach quoted above is advocated in order to avoid having to make difficult decisions about what is meant by “technical”, necessary when the test for patentability is based on an assessment as to whether or not an invention made a technical contribution. *CFPH* does not jettison this approach. For instance it is stated at paragraph 97 of the judgement that

it will often be possible to take a short cut by asking “Is this a new and non-obvious advance in technology?” That is because there can often be universal agreement about what is “technology”

- 31 I am not sure whether there would be “universal agreement” in the present case, but I have to say that the idea of putting some software up onto a networked computer system in order to enable a user to price and purchase something, with nothing new and non-obvious but the pricing and purchasing software itself, does appear to me to be inherently and transparently non-technical as the term has come to be understood. And this conclusion stays the same in my view even if the pricing and purchasing method executed by the software is itself new and not obvious, since again this would provide no technical contribution. On this basis too then I find the application excluded from patentability as a mental act and a computer program as such.

#### **Other recent case law**

- 32 As noted above, there is a substantial body of case law subsequent to *CFPH* that has not been considered in the prosecution of this application. However I do not believe that these judgments conflict with the *CFPH* approach that I have followed here. Moreover I note that the judgments in both *Crawford* and *Shopalotto* confirm that the *CFPH* approach is not inconsistent with the technical contribution approach which I have also followed.
- 33 I have also taken into account the narrower interpretation in *Macrossan* of what is meant by a method of doing business.

#### **Earlier grants**

- 34 The applicant has listed what he regards as analogous patents which justify the grant of the present application. He lists GB 2339941, GB 2226217, GB1489571, EP0927945 and EP0434224. He has provided no further detail or analysis of the subject matter of these patents and their claims.
- 35 I do not know what arguments were considered before these patents were allowed to proceed to grant, and in any case I am not bound by the outcome of a previous examination. A similar argument was in fact employed by the applicant himself when the refusal of his earlier patent applications GB 0017217.1, GB 0011245.8, GB 0011515.4 and GB 0013935.2 respectively entitled “Method for selecting goods/services in trade mark transaction processing”, “Method and apparatus for internet transaction processing”, “Cost calculator for online transaction system”, and “Cost manager user interface in transaction processing system” was drawn to his attention. These applications were refused by the comptroller’s hearing officer in decisions numbers BL O/024/05 to BL O/027/05.
- 36 The applicant has argued that the subject matter of the present application is “entirely different” from the subject matter of those earlier, refused applications and that, if those refusals were taken into account, “any party who ever had a



patent application rejected would have that patent application cited against them for any subsequent application". He made a second point, namely that there have been further developments in case law, notably *CFPH*, since those decisions issued.

37 I differ from the applicant here in that I take guidance from those earlier decisions insofar as the application of the law has remained unchanged, and moreover those decisions are fully reasoned and it is clear what arguments were considered.

38 That said, I agree with the applicant that the bare fact that a particular application was refused (or indeed granted) cannot be determinative when considering a later application, and changes in the application of the law do have to be taken into account. I conclude therefore that I need give no further consideration to these earlier grants.

### **Decision**

39 I have concluded that the invention is excluded from patentability 1(2)(c) as a mental act and as a program for a computer as such. I can see no subject matter in the other claims or indeed anywhere else in application that could be used to remedy this. In any case the period prescribed by section 20 expired on 19 March 2006.

40 I therefore decide that this application did not, at the end of the period prescribed by section 20, comply with section 1(2). In accordance with section 20(1) the application is thus treated as having been refused on 19 March 2006.

### **Appeal**

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

**DAVID BARFORD**

Deputy Director acting for the Comptroller