



BL O/293/06

18 October 2006

## PATENTS ACT 1977

APPLICANT           Acres Gaming Incorporated

ISSUE                Whether patent application  
                          number GB 0427297.7 complies  
                          with section 1(2)

HEARING            R C Kennell  
OFFICER

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## DECISION

### Background

- 1     The application has been divided out of an earlier UK application and is treated as filed on 19 September 2002, with a declared priority date of 28 September 2001 from an earlier US application. It was published under serial no. GB 2406291 A by the UK Patent Office on 30 March 2005. The period prescribed by rule 34 for putting the application order was extended to 28 June 2006, but a request for a further discretionary extension has been declined by the examiner.
- 2     The applicant has been unable to overcome an objection by the examiner that the invention is excluded from patentability under section 1(2) of the Act. The matter therefore came before me at a hearing on 19 September 2006; the applicant was represented by Lindsay Lane, instructed by J A Kemp & Co, and the examiner, Mark Sexton, also attended (via videolink).

### The application

- 3     The application relates to the customising of a gaming machine network so that a casino operator can group players in levels based on various criteria to signify how valuable they are as customers. This enables the operator to reward them accordingly with a view to encouraging desired patterns of play. The claims have been amended in the course of the prosecution of the application, and the single independent claim (claim 1) currently reads:

“An apparatus connected by a network to a host computer, said apparatus comprising:

    a player account creator adapted to create a player account accessible by the host computer, said player account associated with a player;

a storer to store within the player account one of a plurality of player levels;  
means adapted to operate a gaming device responsive to the player level including:  
a tracker adapted to track play of the player on the gaming device;  
means adapted to award to the player an award based on the player level of the player, said award being different than one awarded to a different player level; and said means further including:  
an associator adapted to associate a threshold amount to each player level, said threshold amount being different for each player level; and  
an awarder adapted to award the award to the player only when the tracked play of the gaming machine by the player satisfies the threshold amount associated with the player level stored in the player account.”

4 Although a number of prior art documents were cited in the course of the examination, it was common ground that the closest piece of prior art was the applicant's earlier application GB 2397403 A (hereinafter “403”) relating to a game tailoring system which allowed the gaming experience to be tailored to an individual player. It was not disputed that this document, which was published on 21 July 2004 fell within the ambit of section 2(3) of the Act. I do not need to quote section 2(3) in full: suffice to say that it brings into the state of the art certain matter contained in an application published on or after the priority date of the invention, but only for the determination of novelty in view of section 3(1).

5 ‘403 was in fact cited by the examiner to demonstrate lack of novelty. However, the examiner has withdrawn this objection following amendment of the application, and the only question before me at the hearing was whether the invention was excluded under section 1(2) of the Act - bearing in mind that in my decision BL O/112/06 of 3 May 2006 I had refused the earlier application under that section as relating to a method of playing a game as such.

**The law on excluded matter.**

6 The relevant part of section 1(2) states:

“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 -

...

(c) a scheme, rule or method for performing a mental act, playing a game or doing business, or a program for a computer;

... ;

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 examiner maintained objections under the games, business methods and computer program heads.

7 It was not disputed that the test to be applied to decide whether an invention related to

an excluded matter as such was that set out by Peter Prescott QC, sitting as a Deputy Judge of the High Court in *CFPH LLC's Application* [2005] EWHC 1589 (Pat), [2006] RPC 5. This requires a two-step approach: first to identify the advance in the art that is said to be new and not obvious and susceptible of industrial application, and second to determine whether it is new, not obvious and susceptible of industrial application under the description of an invention in the sense of Article 52 of the European Patent Convention (EPC) which section 1(2) reflects. This test has been endorsed by the Office's practice notice "Patents Act 1977: Examining for Patentability" dated 29 July 2005.

- 8 However, in applying this test, I must bear in mind (as Ms Lane rightly reminded me) that in *Shopalotto.Com Ltd's Application* [2005] EWHC 2416 (Pat), [2006] RPC 7 - recently endorsed by Mann J in *Macrossan's Application* [2006] EWHC 705 (Ch) - Pumfrey J stated that an invention could be viewed as a solution to a concrete technical problem and there needed to be a relevant technical effect; and that in *Inpro Licensing SARL's Patent* [2006] EWHC 70 (Pat), [2006] RPC 20 at paragraph 187, Pumfrey J held that the exclusions of Art 52 ought not to be given too wide a scope and that patents ought not to be defeated under Art 52 unless the invention lay in excluded matter *as such*.

### **Arguments and analysis**

- 9 Ms Lane believed that the advance over the '403 application did indeed constitute a solution to a concrete technical problem. As she saw it, the allocation of players to levels which could be used to associate a threshold amount to each level beyond which an award would be given provided an additional input variable which allowed control and flexibility over the play without the complexity of having to enter different variables for every player as was necessary in the '403 application.

### ***Relevance of documents in the section 2(3) field***

- 10 This raised the preliminary point of whether the reasoning of the previous case law concerning section 1(2) applied in the case of an advance over a document in the section 2(3) field, a point on which there appeared to be no previous authority. Ms Lane argued that the purpose of a section 2(3) citation was purely to prevent double patenting of the same subject-matter and since the subject-matter was not the same in this case section 1(2) did not bite.
- 11 The examiner contended that to ignore a document in the section 2(3) field could lead to a situation in which excluded subject-matter alone might form the basis of a grantable patent. Thus, if an application for a novel and inventive golf ball A was filed, followed shortly by an application B for an otherwise identical golf ball save for a purely aesthetic decorative pattern on the cover, A could not be cited under section 2(3) against B. However, unless A were to be taken into account for assessing patentability under section 1(2), patents could be granted on both applications with B being distinguished from A solely on the basis of an aesthetic creation. Ms Lane regarded this as a simply a quirk of the law in relation to double patenting.
- 12 I think there is some force in the examiner's argument and I am in any case uneasy

with what seems to be the consequence of Ms Lane's argument, namely that section 1(2) can simply be ignored for assessing patentability if the nearest prior art to the invention is a document lying in the section 2(3) field. As I see it, section 1(2) is a fundamental requirement for patentability and there can be no question of it not applying to a particular patent application. Section 1(2) makes no mention of the prior art: this enters the picture at a later stage when the *CFPH* test is applied to decide where the advance lies. In my view, if a section 2(3) document constitutes the nearest prior art it does not follow either that I can ignore section 1(2) or that I don't have to look for an advance. If the document was excluded from consideration, I would simply have to look elsewhere to decide what the advance was.

13 I do not in any case think that in the present case anything turns on whether or not '403 forms part of the art for assessing patentability. Indeed it seems to me that by concentrating on this as the nearest prior art document Ms Lane's argument is leading up a blind alley. In *CFPH* at paragraphs 95 - 96, the Deputy Judge said:

"95. A patentable invention is new and non-obvious information about a thing or process that can be made or used in industry. What is new and not obvious can be ascertained by comparing what the inventor claims his invention to be with what was part of the state of the existing art. So the first step in the exercise should be to identify what is the advance in the art that is said to be new and non-obvious (and susceptible of industrial application). .....

96. In order to identify what is the advance in the art that is said to be new and not obvious the Patent Office may rely on prior art searches. But in my judgment it is not invariably bound to do so. It will often be possible to take judicial notice of what was already known. Patent Office examiners ..... are entitled to make use of their specialist knowledge. Of course the letter of objection will state the examiner's understanding of the technical facts in that regard .....

14 At the hearing the examiner suggested that this called for some survey of what existed before. I think that is right, but it is clear from the above that this does not *necessarily* require the examiner to carry out the full search prescribed by section 17 to identify documents relevant to the issues of novelty and inventive step, still less to identify the closest piece of prior art, before he or she can decide where the advance actually lies for the purpose of the *CFPH* test.

15 In practice of course the situation will not always be clear-cut. For example, there will be cases where the advance is not clear on the face of the application but the examiner has carried out a search and can use this to inform a decision as to where the advance lies. In the present case the examiner has in fact carried out the search prescribed by section 17, and in the light of that he has come to the conclusion (as stated in the correspondence) that all of the elements required to work the invention were widely known in the art prior to the application and that the patentability arguments are much the same irrespective of whether or not '403 is taken into account. I do not understand there to be any disagreement that the advance is indeed as proposed by Ms Lane (see paragraph 9 above), and I will proceed on that basis.

***Is the advance patentable?***

16 I can now go on to the second step of the *CFPH* test, but before doing so I would

make a couple of general observations. The examiner has maintained that the advance made by the invention in fact lies across three excluded categories as a method of playing a game, a method of doing business and as a computer program. To some extent he saw the games and business exclusions as different sides of the same coin, since what might be a method of playing a game from the point of view of the player could be regarded as method for the casino to do business. This prompted some debate at the hearing as to how precisely the invention needed to be pigeon-holed into a particular category, but in the end I do not think there was any dissent from my view that I should decide which category or categories applied.

- 17 The invention is now claimed in apparatus terms, but this of itself will not be sufficient to avoid an objection that the advance lies in a “scheme, rule or method” for playing a game or for doing business. In considering this, it is still the case, as explained in the aforesaid Patent Office Notice at paragraph 7, that I should have regard to the substance of the invention rather than the particular form in which it has been claimed.

#### Playing a game

- 18 In my decision O/112/06 I refused the ‘403 application on the grounds that it related to a method for playing a game as such. ‘403 was directed to a system which allowed a casino operator to tailor the gaming experience to an individual player: a player tracking system coupled to the gaming terminal recorded data about the play history of an identified user which could be fed to a player management system could cause the terminal to change the gameplay and provide different rewards to different players. Reminding me that I had considered this to be “essentially about the way in which a game is played and the instructions which are fed into the system”, Ms Lane sought to distinguish the present case on a number of grounds.
- 19 As she saw it, the invention was essentially an apparatus which controlled play by allocating players to particular levels and so could not be a scheme, rule or method as such. It did not tell either the player or the casino operator how to play the game; the rules merely determined whether the player won or lost. Rather, as was clear from the examples listed at, eg, page 16 lines 2 - 5 of the specification, the levels were determined by factors external to the game which merely affected the reward which was to be given once you had played the game. The ability to control player levels was nothing to do with the way in which the game was played, and was as she saw it a fundamental difference from ‘403. She emphasised that ‘403 was about controlling the way in which the game is played based on a player history and centred on decisions made during the course of the game itself.
- 20 The examiner made the point that in a game of this nature the monetary aspect could not be divorced from, and was in fact integral to, the way in which the game was played. As with computer games, any rules by which it was played did not necessarily have to be visible to the player.
- 21 I have carefully considered these arguments and the contents of both the present application and ‘403, but I do not see between them the clear blue water which Ms Lane suggests. ‘403 makes clear in my view (see particularly page 8 line 10 - page 9 line 6 and page 10 line 23 - page 11 line 2) that the player history on which the gaming

is controlled is not simply about the current play session but relates also to historical information and non-gaming activities, notwithstanding Ms Lane's attempt to distinguish these as additional aspects not comprehended by the claims. Further, no less than the present application, '403 is concerned with providing something in the nature of a reward for the player which will entice the player to encourage patterns of play desired by the casino (see page 3 line 5 - page 4 line 6).

- 22 The assigning of players to levels with associated threshold amounts beyond which a reward can be given may indeed be advantageous to the casino operator for the reasons suggested by Ms Lane, and therefore an improvement over '403. However, to my mind this still constitutes part of the way in which the game is played, and I would agree with the examiner that in this type of game the giving of the reward is not something distinct from the playing of the game. Irrespective of it being claimed as apparatus, I think the invention is still in substance a method of playing a game as such, for the reasons explained in my earlier decision O/112/06.

#### Business method

- 23 In O/112/06 I made no finding as to whether the invention related to a method for doing business as such, since the applicant had not had an opportunity to address the findings on this point in *Macrossan's Application* [2006] EWHC 705 (Ch). However, Ms Lane has submitted arguments based on this case which I should now address.

- 24 In *Macrossan*, which related to a automated method of producing the documentation for incorporating a company, Mann J stated at paragraph 30:

"The activity involved in the invention is a business service, or end product, for which the customer is prepared to pay and for which the customer contracts. That may entitle the invention to the title "a method of providing business services", but that is not what the exclusion in the Act is aimed at, in my view. The exclusion is aimed more at the underlying abstraction of business method - the market making technique in *Merrill Lynch's Application* [1989] RPC 561; or the way of doing the auction in *Hitachi T258/03* ... . In *CFPH Mr Prescott* identified joint-stock companies as themselves being methods of carrying out business - see paragraph 41 of his judgment. That has the necessary level of abstraction or method (business method). The invention in the current application does not. It is merely a facility which might be used in a business; or, to put it another way, a tool. That cannot be said of the inventions in *Merrill Lynch* and *Hitachi*. In those cases the inventions were more than a tool - they were ways of conducting the entire business in question. Again, in *Pensions Benefit Business Partnership* (T931/95) the Technical Board of Appeal held that the operation of a pensions scheme on a computer amounted to a method of doing business. In doing so it said that "All the features of this claim are steps of processing and producing information having purely administrative, actuarial and/or financial character. Processing and producing such information are typical steps of business and economic methods." While this does not claim to be, and should not be treated as, a definition of a method of doing business" it still to my mind captures something of the essence of the point ..."

- 25 Ms Lane thought the present invention was not about the "underlying abstraction of business method": the claims did not tell you how the apparatus could be used by a business since they said nothing about how the player levels would be set. As she saw

it, the invention was a tool constituting elements of a gaming apparatus which could be used in a business, but was not a way of conducting the entire business in question. She accepted that I would need to fix the invention somewhere on a scale between abstractions of business method such as *Merrill Lynch* and *Hitachi* and less abstract things such as *Macrossan*, but saw the invention as analogous to *Macrossan*.

- 26 The examiner thought that the “tool” in this case was a standard gaming network and player tracking means, and that the invention lay in programming it to customise the rewards given to particular customers and so control the amounts being paid out - something which was integral to their business. Ms Lane correctly reminded me that the test was not whether something was integral to a business but whether it was a method for doing business - many things could be integral to a business or profitable to it without them being business methods in the sense intended by the legislation.
- 27 I confess to some difficulty in deciding how far along the scale one would need to go before a tool, a facility, a business service or an end product for which a customer would be prepared to pay attains the necessary level of abstraction to become a method for doing business. I would accept that the present case may not be so clear cut as *Merrill Lynch* or *Hitachi*. Nevertheless, it seems to me that, having regard to the substance of the invention, this is, as the examiner suggests, much more about how a gaming system is set up by a casino operator to encourage particular patterns of play than it is about providing a particular piece of apparatus as a tool or end product. However, Ms Lane’s argument raises a number of points which I need to address.
- 28 First, I am not persuaded by Ms Lane’s argument that the claims do not say how the invention would be used by a business, in particular how the player levels would be set. I do not see that this is necessary in order to sustain the objection. The claims have to be interpreted in the light of the description, and it seems to me clear from the description how the invention would be used in practice and how the casino operator might go about selecting suitable levels - even if assistance might be needed from IT specialists to set up the system.
- 29 Second, on whether the invention is a way of running the entire business of the casino, I would accept that this is just one way in which a casino could operate its gaming machines. There is a decision for the operator to make as to how it wants to organise its business so as to achieve a particular level of player interest or level of income, but if the operator decides to use the system of the invention, then I think it does indeed become a way for running the entire business.
- 30 I note Mann J’s reference to *Pensions Benefits* as capturing “something of the essence of the point”, but as the judge makes clear, this is not an exhaustive definition of what constitutes a method for doing business. Whether or not the advance of the invention might be regarded as having a financial character, I find that it is in substance a method for doing business as such.

#### Computer programs

- 31 This point was not in issue in my earlier decision O/112/06, but the examiner has maintained an objection on this ground in the present case. Having regard to the

Deputy Judge's comments in *CFPH* at paragraphs 104 :

“But the mere fact that a claimed artefact includes a computer program, or that a claimed process uses a computer program, does not establish, in and of itself, that the patent would foreclose the use of a computer program. There are many artefacts that operate under computer control (eg the automatic pilot of an aircraft) and there are many industrial processes that operate under computer control (eg making canned soup). A better way of doing these things ought in principle, to be patentable. The question to ask should be: is it (the artefact or process) new and non-obvious merely because there is a computer program? Or would it still be new and non-obvious in principle even if the same decisions and commands could somehow be taken and issued by a little man at a control panel, operating under the same rules? For if the answer to the latter question is “Yes” it becomes apparent that the computer program is merely a tool, and the invention is not about computer programming at all. It is about better rules for governing an automatic pilot or better rules for conducting the manufacture of canned soup.”,

Ms Lane was of the view that invention was indeed not new and non-obvious merely because there was a computer program; this was not about the use of a computer program to do something which previously was done manually. As she saw it, the same decisions and commands could still be taken and issued by a little man at a control panel allocating the players to levels, deciding the thresholds and giving the awards: although a computer might be used as a tool to operate the apparatus, that was not sufficient to exclude the invention from patentability.

- 32 The examiner did not think the above approach was helpful in a case such as the present, which lay outside the manufacturing context in which the Deputy Judge had set the test. However, he agreed with Ms Lane that a better approach would be that proposed in *Shopalotto*, namely to take the claimed programmed computer and ask what it contributed to the art over and above the fact that it covered a programmed computer.
- 33 In the present case it seems to me that it would be idle to pretend that the invention can be implemented in any way other than by a computer: claim 1 specifically requires the apparatus to be networked to a host computer. In such a case I think that the “little man” test in *CFPH* does indeed break down because the little man could not be brought into play without defeating the purpose of the invention. In my view, as the examiner has stated in relation to the business methods, the invention is ultimately about programming a computer to pay out the rewards in a particular way. Whether I approach the matter from the viewpoint of *CFPH* or *Shopalotto*, I do not think there is any contribution of a technical nature over and above the programmed computer.
- 34 I therefore consider the advance made by the invention also relates to a computer program as such.

### **Conclusion**

- 35 In accordance with section 1(2) I have found that the invention is not patentable because it relates to a method for playing a game, a method for doing business and a



computer program, as such.

- 36** Having read the specification carefully I cannot see that any saving amendment is possible, even if I were to exercise discretion to allow a further extension of the rule 34 period. I therefore refuse the application in accordance with section 18(3) of the Act.

**Appeal**

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

**R C KENNELL**

Deputy Director acting for the Comptroller