

PATENTS ACT 1977

APPLICANT Jagwood Pty Limited

ISSUE The Patents Act 1977:
Whether Patent Application GB0910818.4
complies with section 1(2)

HEARING OFFICER Dr Lawrence Cullen

DECISION

Introduction

- 1 This decision concerns PCT application WO 2008/061316 entitled "*Process of and apparatus for notification of financial documents and the like*" which entered the UK national phase as patent application, GB0910818.4. It was republished in the UK as GB 2459582.
- 2 The application has been subject to several rounds of correspondence between the attorney, Dr Keith Boden of Fry, Heath and Spence acting for the applicant, Jagwood Limited, and the examiner. The examiner has consistently reported that the application is excluded under section 1(2) of the Patents Act 1977 (hereafter the Act) as a method of doing business as such. The attorney disagreed with this view and in response to amendments and observations filed on 17th November 2011, the examiner offered a hearing.
- 3 The applicant accepted this offer and the matter came before me at an oral hearing on 9th January 2012. The applicant was represented by Dr Boden. The Examiner, Mr Michael Warren, also attended.
- 4 I was assisted at the hearing by Mr Nigel Hanley, a senior patent examiner at the IPO. The hearing was also attended by one observer for training purposes.

Compliance Period

- 5 The period for putting this application in order expired on 14th January 2012. This was discussed at the hearing and Dr Boden was made aware of his options in this regard.

The Invention

- 6 The application in suit concerns a payments advice system and its method of use. As I understand it, it allows a payer to send a payment to a payee and associate it with a document stored on the advice system. To enable the payee to access the document, the payer provides an address in the form of a short uniform resource identifier as a reference in the payment. If I follow the embodiment set out at lines 14-24 on page 6 of the specification, this allows the payee to view the reference on their bank statement and use it to access the document.
- 7 The embodiments of the application are clearly written with the Australian banking and payment clearing system in mind. However, as the application makes clear, it can equally be applied to other national banking systems (see Page 4, Lines 26-30). Consequently, I think it correct that I view the details of the payment system as generic and not limited to any single national payment system.
- 8 It is claimed that an advantage of the system is to overcome the difficult task of matching the payment details on bank statements to financial documents.

The Claims

- 9 The claims discussed at the hearing were those filed on 17th November 2011. They consist of six independent claims that are reproduced in Annex A to this decision. The claims naturally fall into three pairs.
 - (a) Claims 1 and 17 which govern the transmission of a payment or request for payment with an associated document reference between a payer and a payee;
 - (b) Claims 33 and 35 which share the system of claims 1 & 17 but with the additional feature of using authentication to access the document;and
 - (c) Claims 34 and 36 which extend the system of claims 33 and 35 by stating that the authentication information is a shared secret between the payer and payee.

The Issue to be decided

- 10 The issue to be decided is whether or not the invention is excluded under section 1(2)(c) of the Patents Act 1977 because it relates to a method of doing business as such.
- 11 If I were to find in favour of the applicant, I would need to refer this application back to the Examiner for further consideration. To date, the examiner, in preparing his examination reports, has only considered the issue of excluded matter. As a consequence no consideration has been given to the novelty and

inventive step of the application nor have any issues of clarity, sufficiency or support been considered.

- 12 I note that in response to comments made by the agent, the examiner, in the letter dated 30 November 2011, discussed briefly whether or not the invention is excluded as a computer program. At the hearing, this issue was also discussed, albeit briefly. As a consequence, I think it is necessary for me to consider in this decision whether or not this exclusion also applies.

The Law

- 13 Section 1(2) of the Act sets out certain categories of invention that are not patentable as follows:

*“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) 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.”

- 14 Current IPO examination practice is to use the structured approach set out by the Court of Appeal in its judgment in *Aerotel/Macrossan*¹ for deciding whether an invention is patentable. The test comprises four steps:

- (1) Properly construe the claim;
- (2) Identify the actual contribution;
- (3) Ask whether it falls solely within the excluded matter;
- (4) Check whether the contribution is actually technical in nature.

Operation of this test is explained in paragraphs 40-48 of the judgment. Paragraph 43 confirms that identification of the contribution is essentially a matter of determining what it is that the inventor has really added to human knowledge and involves looking at the substance of the invention claimed, rather than the form of the claim. Paragraph 46 explains that the fourth step of checking whether the contribution is technical may not be necessary because

¹ *Aerotel Ltd v Telco Holdings Ltd and Macrossan’s Application* [2006] EWCA Civ 1371 reported as [2007] RPC 7

the third step – asking whether the contribution is solely of excluded matter – should have covered that point already

- 15 More recently, the Court of Appeal in the case of *Symbian*² confirmed that this structured approach is one means of answering the question whether or not the invention reveals a technical contribution to the state of the art. In other words, *Symbian*² confirmed that the four-step test is equivalent to the prior case law test of ‘*technical contribution*’, as discussed in *Merrill Lynch*³, *Gale*⁴ and *Fujitsu*⁵. The key question is what does the ‘*technical contribution*’ amount to, not whether it happens to be implemented by a computer.

The Applicants Arguments

- 16 At the hearing Dr Boden placed great emphasis on the use of the “*short uniform resource indicators*” as being the key to the application. It was these he claimed that gave the application a “technical character”. In his view the use of these indicators made the system a document retrieval system and therefore not a business method.
- 17 To support his view Dr Boden relied on *Merrill Lynch*³ where Fox LJ says at lines 24-26, page 569: “*A data processing system operating to produce a novel technical result would normally be patentable*”. In his view the use of the short uniform resource indicators was an essential part of the payment system and provided the required technical character for an invention to be considered patentable.
- 18 Dr Boden further addressed me on the decision of HHJ Birss in *Halliburton*⁶, in particular, paragraph 35 of that decision. It was his contention that because the application was a document retrieval system it was not caught by the business method exclusion.

Analysis

- 19 The applicant and the examiner agreed that the correct approach to take with the present application is to apply the four steps of the *Aerotel/Macrossan* test:

Aerotel Step 1: Construing the Claim.

- 20 Having noted Dr Boden’s view on the use of short uniform resource identifiers and their importance in determining the patentability of the system, it is imperative that I form a proper view of the claims. In particular, I need to be clear about what exactly is meant by the term ‘short uniform resource indicator’.
- 21 The system of claim 1 is basically a system that allows a communication between a payer and payee. It comprises two main elements, a payment adviser system and a payments clearance system. The payments clearance

² *Symbian Limited v Comptroller-General of Patents* [2009] RPC 1

³ *Merrill Lynch’s Applications* [1989] RPC 561

⁴ *Gales Applications* [1991] RPC 305

⁵ *Fujitsu’s Application* [1997] RPC 608

⁶ *Halliburton Energy Services Inc v Comptroller-General of Patents*⁶ [2011] EWHC 2058 (Pat)

system would appear to be a computerised system that exists between the financial institutions representing the payer and the payee – in effect, providing the means by which Bank A can transmit funds to Bank B and *vice versa*.

- 22 In use, a payer will make a payment to the payee through the payment clearance system. I think it fair to say that a person reading the claims on file would understand this to be something akin to the online banking facilities offered by many financial institutions. Associated with the payment will be an identifier which signifies a location where the payee can access a document which is relevant to the payment. If I understand it correctly, this document could be an invoice requiring payment. This document is uploaded by the payer when they make the payment. The document may be stored in the payment adviser system, although, I note this latter storage feature only becomes clear in claim 2.
- 23 To identify the relevant document, an identifier in the form of a short uniform resource indicator is used. To correctly understand what is a 'short uniform resource indicator', I need to refer to the specification at page 5, lines 10-19, which provides details of a "preferred form". This form includes a web address in the form of traditional and standard domain name address combined with a reference number. In effect, the short form is actually a page on a web server. This is made clear by the specification at page 6, line 14-28, where the payee uses this indicator to access the payment advisor service to access the document.
- 24 This raises an important issue in my mind about what is meant by the term short uniform resource indicator. Specifically, is a short uniform resource indicator just a specialist type of reference in a payment field or is it actually more than that? Is there a specific type or subset of uniform resource indicator that requires use of the qualifier 'short' to distinguish it? On the balance of probabilities, I consider that it is merely a special reference which the end user can use to access a document. In particular, I do not believe that the term 'short' adds any meaning to this term – all uniform resource indicators are short because that is their function - they provide a way to shorten the web address details which, in this case, identifies the location of the payment adviser on the Internet.
- 25 I note that the later independent claims modify the system of claim 1. In claims 33 & 35 access to the document by the payment adviser system requires authentication whereas, in Claims 34 & 36, this authentication is specified as a shared secret between the payer and payee. Neither of these modifications presents, to my mind, any difficulty in construction of the relevant claims.

Aerotel Step 2: Identifying the Actual or Alleged contribution

- 26 The second step of the *Aerotel* test is to identify the contribution made by the claims of the application. In the words of the court in *Aerotel*¹, it is helpfully described as "What has the inventor really added to human knowledge?"
- 27 I think it is fair to say that the idea of a payment clearance system cannot be considered to be part of the contribution. The advent of the digital age has

meant that payment clearance systems have evolved from the days of physically exchanging bills of exchange or cheques to electronic funds transfer systems. However, the underlying system is unaltered in that a payment is debited from one person's account and credited to another's. Both parties when reading their bank statements will see a reference either in the form of a name to a company or perhaps to a cheque number for example.

- 28 This points to the contribution as being a system for storing financial documents within an electronic banking system that can be accessed through an internet reference accompanying the payment. However, this is a very narrow view of a contribution and it loses sight, to my mind, of the context of the application. In particular, the system itself is part of a much larger system that allows a payer to make a payment to a payee. Furthermore, characterising the contribution in this way makes it clear that the short reference is only a part of a much larger system.
- 29 I consider that a more accurate summary of the contribution is to describe it as a way of sending a payment from a payer to a payee wherein the payment detail includes a payment amount and a reference, the reference being an internet address that can be used to access a document associated with the transaction.

Aerotel Step 3: Ask whether it falls solely within the excluded matter

- 30 I think it is clear that the contribution of the claim as a whole lies in the area of a business method. In coming to this conclusion I have relied on the decisions of the courts in *Merrill Lynch*³, *Aerotel*¹ and *Halliburton*⁶.
- 31 *Merrill Lynch*³ at page 569 line 18 states:

“The fact that the method of doing business may be an improvement on previous methods of doing business does not seem to be material. The prohibition in section 1(2)(c) is generic; qualitative considerations do not enter to the matter. The section draws no distinction between the method by which the mode of doing business is achieved. If what is produced in the end is itself an item excluded from patentability by Section 1(2), the matter can go no further. Claim 1, after all, is directed to “a data processing system for making a trading market”. That is simply a method of doing business. A data processing system operating to produce a novel technical result would normally be patentable. But it cannot, it seems to me, be patentable if the result itself is a prohibited item under Section 1(2). In the present case it is such a prohibited item”

[Emphasis added]

- 32 This makes it clear to me that the context of the claim is an overriding consideration. The last line of the above authority is of particular relevance as it makes clear that even if there is a novel technical result, if that result itself is part of a business method then it is still excluded. That appears to be the case here, there may well be the possibility that a system where a document can be stored and accessed using a short uniform reference can produce a technical

effect. However, I do not believe this is the “*novel technical result*” the Judge had in mind, since, in this case, it is an intrinsic part of the business method. Following the teaching of *Merrill Lynch*³ it is clear to me that it remains a business method.

- 33 The Court of Appeal in *Aerotel*¹ also considered the business method exclusion. In a discussion of the authorities, Jacob LJ made reference to this exclusion. In particular, at paragraph 125, he reinforces this point when he says that:

“If on the other hand the computer program was merely a tool for doing something in a better way it was not caught by the exclusion unless that “something” was itself excluded, e.g. as being a business method”.

- 34 Once again, I can only come to the conclusion that if the overall context of the claim is a business method, the fact that an underlying part of it is a computer program does not avoid that exclusion.

- 35 The final authority I need to consider is the recent decision of HHJ Birss in *Halliburton*⁵. In this case, the judge considered the nature of the business method exclusion and its relationship with the other exclusions, see especially paragraphs 35-36:

“35. The business method cases can be tricky to analyse by just asking whether the invention has a technical effect or makes a technical contribution. The reason is that computers are self evidently technical in nature. Thus when a business method is implemented on a computer, the patentee has a rich vein of arguments to deploy in seeking to contend that his invention gives rise to a technical effect or makes a technical contribution. For example the computer is said to be a faster, more efficient computerized book keeper than before and surely, says the patentee, that is a technical effect or technical advance. And so it is, in a way, but the law has resolutely sought to hold the line at excluding such things from patents. That means that some apparently technical effects do not always count. So a computer programmed to be a better computer is patentable (Symbian) but as Fox LJ pointed out in relation to the business method exclusion in Merrill Lynch, the fact that the method of doing business may be an improvement on previous methods is immaterial because the business method exclusion is generic.

36. *The Aerotel approach is a useful way of cutting through the cases like Merrill Lynch, Macrossan and Gale in which more than one exclusion is engaged. Take a patent claim consisting of a claim to a computer programmed to perform a business method. What has the inventor contributed? If the answer is a computer program and method of doing business and there is nothing more present, then the contribution falls solely within the excluded subject matter. It can be seen not to be patentable at step 3, before one gets bogged down in the argument that about whether a book keeping system running*

more efficiently on a computer is a technical effect. Following Aerotel the question has answered itself.”

- 36 All three authorities make it clear that if the overriding contribution of the claim is a business method then it is excluded as a business method. This is because the business method, as both Fox LJ in *Merrill Lynch*³ and Birss HHJ in *Halliburton*⁶ say, is generic. This latter point is important as it also makes clear that the alternative claims where the system includes an “authentication” of the user does not alter the overall view. As I have said earlier they too are an intrinsic part of the business method.
- 37 I am reinforced in this view by considering carefully the problem that the invention seeks to solve, i.e., the matching of payments on a bank statement with a financial document. I do not believe it is possible to categorise this as anything other than a pure business activity. Consequently, I see no need to depart from my view that the application is excluded as a method of doing business.

Aerotel Step 4: Is the contribution technical?

- 38 Given my finding at step 3 above that the application falls solely within the area of excluded matter, it is not necessary for me to consider step 4 of the Aerotel test

The Computer Program Exclusion

- 39 As I mentioned earlier, there was also some discussion between the agent and the examiner regarding whether or not the invention was excluded as a computer program. I do not propose to go into this in detail as I have already found that the application is excluded as a method of doing business, and, as a consequence, even if it were implemented as a computer program, this is not enough to avoid the exclusion under section 1(2) of the Act.
- 40 However, if I have erred in my decision that the invention relates to a business method, it is relevant to consider whether the invention is anything more than a computer program. In this case I do not believe that it is because it does not deliver a technical contribution. In considering whether the contribution is technical in nature, I take note of the so-called ‘signposts’ set out by Lewison J in *AT&T/CVON*⁷. At no point does the application suggest that there is a new, more reliable or faster computer. In fact the application makes it clear that the problem it set out to solve is one of matching documents to a financial transaction. Such a problem is not a technical problem but an administrative and/or business one
- 41 As I indicated above, Mr Boden argued at the hearing that the short uniform resource identifier provided the appropriate technical contribution. I do not believe this is a “technical contribution”. It is no different to providing an index or location to look up a document in the same way as would occur in an archive. To imbue this with the character of a technical contribution would be to

⁷ *AT&T Knowledge Ventures LP and CVON Innovations Limited* [2009] EWHC 343

go against previous decisions of the UK courts. In particular, Floyd J in *Kapur*⁸ made it clear, at paragraph 29, that a computer program that referenced documents stored in a system did not make a technical contribution.

“When a computer saves a document it must keep a record of the location at which it is stored, called its address, so that it can be retrieved. Computers by their very nature make it possible to write software which will allow different types of data to be stored in different ways and to retain address data so as to retrieve it. Once one has decided on how the data is to be stored, handled and manipulated within the computer, a program can be written to give effect to it. It is likely that in the course of programming a computer in this way there may be improvements in the way data is handled compared with other ways of doing the same thing. But it is improbable that in so doing one would produce a relevant technical effect recognisable over and above the fact that the program is running on the computer.”

- 42 It follows that in the absence of any technical contribution then the application could also be excluded on the additional or alternative grounds that it is a computer program. Specifically, even if the use of the document retrieval system was not encompassed by the business method exclusion it would be excluded as a computer program.

Conclusion

- 43 I find the invention is excluded under s.1(2) because it relates to a method of doing business .
- 44 Furthermore, having read the specification carefully, I can find nothing that might reasonably be expected to form the basis of a valid claim. I therefore refuse this application under s.18(3).
- 45 I find also that the invention is excluded under s.1(2) because it relates to a programme for a computer.

Appeal

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

Dr L Cullen

Deputy Director, acting for the Comptroller

⁸ *Kapur v Comptroller-General of Patents*, [2008] EWHC 649 (Pat)

Annex A

The text of the independent claims on file for patent application GB0910818.4 that were discussed at the oral hearing on 9 January 2012:

Claim 1

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

The payer sending by computer;

To the payer's financial institution for sending to the payee through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payee a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Claim 17

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

The payee sending by computer;

To the payee's financial institution for sending to the payer through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payer a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Claim 33

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

The payer sending by computer;

To the payer's financial institution for sending to the payee through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payee a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Wherein the payee is allowed access to the financial document only on the production of security authentication information to the payments advisor system.

Claim 34

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

The payer sending by computer;

To the payer's financial institution for sending to the payee through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payee a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Wherein the payee is allowed access to the financial document only on the production of security authentication information to the payments advisor system and the security authentication information comprises at least a secret shared between the payer and the payee.

Claim 35

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

The payee sending by computer;

To the payee's financial institution for sending to the payer through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payer a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Wherein the payer is allowed access to the financial document only on the production of security authentication information to the payments advisor system.

Claim 34

In a system for use by a payer and a payee:

A payments advisor system comprising computer software executing on computer hardware; and

A payments clearance system comprising computer software executing on computer hardware and which includes a payer's financial institution and a payee's financial institution,

A process comprising;

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The payee sending by computer;

To the payee's financial institution for sending to the payer through the payments clearance system:

A payment; and

An identifier which is a short uniform resource identifier (URI) and which signifies to the payer a location to access a financial document; and

The financial document to the location that is signified by the identifier.

Wherein the payer is allowed access to the financial document only on the production of security authentication information to the payments advisor system and the security authentication information comprises at least a secret shared between the payer and the payee.