



5 The most recent set of claims were received on 15 October 2012 with the skeleton arguments for the hearing. They comprise two independent claims, 1 and 6, which relate to a system and method respectively of the same invention. The independent claims are:

*1. A system comprising:*

*at least two mobile devices associated with a mobile phone number; and*

*an entity comprising a server, wherein*

*the server comprises:*

*a mobile module to receive a request from the mobile device of a first party to the entity wherein:*

*the request is a text message and comprises a mobile phone number associated with the mobile device of a second party; and*

*the request is a request to transfer data to the second party from a first store at the entity associated with the first party, the server further comprising:*

*a communication module to notify the second party of the request and an identity of the first party;*

*the communication module to receive a personal identification component from the second party;*

*a store access module to access a second store associated with the mobile phone number of the second party, based on the personal identification component; and*

*a processor to transfer the data into the second store,*

*wherein the store access module identifies the second party by the personal identification component before allowing the second party to transfer any of the data to the second store, wherein:*

*the entity is a financial entity;*

*the data is data representing an amount of money to be remitted from the first party to the second party;*

*the communication module notifies the second party of the request by notifying the second party of the amount to be remitted; and*

*a store is an account for storing financial data.*

*and:*

*6. A method comprising for transferring data from a first party to a second party in a system comprising at least two mobile devices associated with mobile phone numbers and an entity comprising a server, the method comprising:*

*receiving a request from the first party to the entity wherein:*

*the request is a text message comprising a mobile phone number associated with a mobile device of the second party; and*

*the request is a request to transfer data to the second party from a first store at the entity associated with the first party, the method further comprising:*

*notifying the second party of the request and an identity of the first party;*

*receiving a personal identification component from the second party;*

*accessing a second store associated with the mobile phone number of the second party based on the personal identification component; and*

*transferring the data into the second store,*

*wherein the second party is identified by the personal identification component before the second party is allowed to transfer any portion of the data, wherein:*

*the entity is a financial entity;*

*the data is data representing an amount of money to be remitted from the first party to the second party;*

*the step of notifying comprises notifying the second party of the amount to be remitted; and*

*a store is an account.*

## **The Law**

6 The relevant part of Section 1(2) reads (emphasis added):

*“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) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;*

*(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.**”*

7 It is agreed that the correct test to be applied when determining whether an invention relates to excluded matter is that laid down by the Court of Appeal in its judgment in *Aerotel/Macrossan*<sup>1</sup>. That test comprises four steps:

(1) *Properly construe the claim;*

(2) *Identify the actual contribution;*

(3) *Ask whether it falls solely within the excluded subject matter;*

(4) *Check whether the actual or alleged contribution is actually technical in nature.*

8 In its later judgment in *Symbian*<sup>2</sup>, the Court of Appeal made clear that the *Aerotel* test is not intended to depart from the requirement, set out in previous case law, that the invention must provide a “technical contribution” if it is not to fall within excluded matter. This means that, in applying the *Aerotel* test, I must ask myself the question “is the contribution technical?”.

### **Arguments and analysis**

#### Step 1: Properly construe the claim(s)

9 The first step of the *Aerotel/Macrossan* test is to properly construe the claim, or, in this case, the claims. The claims can be taken at face value, with two possible exceptions.

(a) Claim 1 defines “*at least two mobile devices associated with a mobile phone number*”. It is clear to me that, in the context of the application as a whole, that this is intended to define that each of the mobile devices is associated with its own phone number, and not that the devices share a phone number. This is supported by the corresponding part of claim 6, which defines “*at least two mobile devices associated with mobile phone numbers*”, and this interpretation was confirmed at the hearing.

(b) Claims 1 and 6 both refer to a “personal identification component”. It is agreed that this should be construed as a piece of information that is not shared between the parties, and is analogous to a personal identification number (PIN) associated with a credit or debit card, which of course you would not share with anyone. Indeed, page 4 lines 1-3 of the description of the application states that the personal identification component may be a PIN, although it is not restricted to the component being a number.

#### Step 2: Identify the actual contribution

10 The second step is to identify the actual contribution made by the invention. Although claim 1 defines “*A system...*”, and claim 6 defines “*A method...*”, it is clear that each claim relates to a system (i.e. an arrangement of hardware) which carries out a method. The contribution provided by each claim is therefore the same, and as such the two claims must stand or fall together.

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<sup>1</sup> *Aerotel Ltd v Telco Holdings Ltd and Macrossan’s Application* [2006] EWCA Civ 1371

<sup>2</sup> *Symbian Ltd v Comptroller General of Patents* [2008] EWCA Civ 1066

- 11 To qualify my assessment of the contribution, I note that the search for relevant prior art has not yet been completed. Given the outstanding excluded matter objection, the examiner has not yet carried out the necessary update of the international search at a time when all documents in the appropriate date ranges would be available. As such, the contribution identified is that over the prior art documents found in the international search carried out by the Korean Intellectual Property Office (as reported in the International Search Report issued 9 February 2009), and those cited in association with the Australian and US equivalent applications, and of course the common general knowledge of the notional skilled addressee.
- 12 Mr Gillespie helpfully pointed out that the step of identifying the actual contribution is set out on paragraphs 43 and 44 of *Aerotel*, and I agree with this. In particular, paragraph 43 provides the following guidance in assessing the contribution:

*“it is an exercise in judgment probably involving the problem said to be solved, how the invention works, what its advantages are. What has the inventor really added to human knowledge perhaps best sums up the exercise. The formulation involves looking at substance not form – which is surely what the legislator intended.”*
- 13 The examiner and the applicant have not been in complete agreement as to what the actual contribution is, although this can be partly attributed to the changing scope of the claims at each stage of the application. In his pre-hearing letter, the examiner assessed the contribution to be an overall system for transferring a payment from an account of a first party to an account of a second party using the parties’ respective mobile phones, and via a server; the second party being identified by their mobile phone number, and, when notified of the intended payment, providing an identification code which allows the payment to be transferred.
- 14 Mr Gillespie considered that the process of making a payment from a first party to a second party does not form any part of the contribution made by the invention, as this was already well known before the priority date of the application. Instead, Mr Gillespie considered that the contribution made by the invention is in the novel and inventive use of a server and two mobile phones to securely exchange data as set out in claims 1 and 6, and that this contribution is a technical one.
- 15 In order for me to assess what the actual contribution made by the invention is, I must refer to the prior art documents available. The most relevant of the prior art available is US2007/0063017 A1 (Chen), which has previously been cited by the examiner as anticipating the invention, but overcome by amendment to the claims. Mr Gillespie initially considered that the present invention provides a system that is very different to that disclosed in Chen, and that there is no prior art system which allows a first party to transfer data securely to a second party using their mobile phones. I do not agree with this, and we spent a considerable amount of time in the hearing discussing what actually is disclosed in Chen, and how the present invention differs from this. I thank Mr Gillespie and Mr Curley for their patience during this discussion, and it is now clear to me what the differences are.
- 16 Chen discloses methods of securely transferring money via a service centre (ezMobilePay). Paragraph 0042 discloses that a customer has an ezMobilePay account associated with a securely identifiable device, and paragraph 0045 discloses that such a device may be a wireless telephone (mobile phone). Although

both of these paragraphs refer specifically to the method 300 disclosed in paragraphs 0043-0044, it is clear to me that these details equally apply to the methods 400 and 600 of paragraphs 0046 and 0050-0051 respectively. Paragraph 0046 discloses a method 400 where a first party makes a payment to a second party<sup>3</sup> via ezMobilePay. The first party makes a request to transfer money from their ezMobilePay account to the second party's account by means of their securely identifiable device (e.g. mobile phone). In their request the first party identifies the second party by their ezMobilePay account information, and, following identification of the first party by ezMobilePay, the transaction is completed. Paragraphs 0050-0051 disclose a method 600 (which is a modification of method 400) wherein ezMobilePay may notify the second party of the transfer request, and the second party may provide their ezMobilePay identification number at a later time in order to complete the transfer. Paragraph 0039 confirms that the methods disclosed may be implemented using one or more servers.

- 17 The invention differs from what is disclosed in Chen in a number of ways. These differences can be summarised as follows:
- (a) The invention uses a text message to make the initial request. Mr Gillespie stated that this makes the transaction quicker and simpler.
  - (b) The initial request identifies the second party by their mobile phone number. Mr Gillespie stated that this removes the need to acquire the second party's account information in advance, and also allows the first party to make a transfer request even if the second party does not yet have the necessary account, as they can be contacted to create an account via their mobile phone number.
  - (c) The second party must provide a personal identification component in order to authorise the transfer, where the personal identification component has already been construed to be analogous to a PIN. In Chen, the second party provides their own identification number as well as the first party's identification number. On balance, it is considered that this identification number is not the same as the personal identification component of the invention, as the second party knows the first party's identification number. Mr Gillespie stated that this improves security by verifying the identity of the second party.
  - (d) The server transfers the data to the second party's account. It is noted that in Chen the server instructs a separate financial institution to make the transfer. Mr Gillespie stated that this also makes the transaction quicker and simpler.
- 18 Mr Gillespie considered that the fact that a mobile module of the server receives a request from the first party to the entity also forms part of the contribution. He argued that in the present invention this is an automated process, whereas Chen is silent to how the request arrives at the server. He further argued that a human operator may transfer the request from the first party to the server in Chen, this being slower and more complex than the automated process of the invention. However, the

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<sup>3</sup> Chen refers to the payer and payee as the depositor and third party respectively, but I will refer to them as the first and second parties so to be consistent with the present invention.

specification of the present invention does not state that the request being received by the mobile module can be an automated process. Of course it would be obvious to the skilled addressee that it could (possibly even would) be automatic, but that could equally be said to be true of Chen.

- 19 Mr Gillespie also considered that the server itself is a part of the contribution, as the server functions in a different way to that of Chen. I disagree with this. There is nothing special about the server of the invention in itself which allows it to carry out the steps defined in claims 1 and 6. Indeed, I am in no doubt that the server of Chen, or in fact almost any server with sufficient memory, could be programmed to carry out the steps of the present invention. It is therefore clear to me that, contrary to Mr Gillespie's arguments, the contribution does not include a new physical arrangement of hardware, or a new server. The arrangement of hardware, and the server, defined in claims 1 and 6 is nothing new over what is disclosed in Chen.
- 20 Mr Gillespie also considered that part of the contribution was provided by the server having memory stores to store data associated with the first and second parties. The only "stores" defined in claims 1 and 6 are the accounts associated with the first and second parties respectively, and between which data representing an amount of money is transferred. These stores provide no contribution over the ezMobilePay accounts disclosed in Chen.
- 21 Mr Gillespie explained that the independent claims have been amended to separate what the applicant considers to be technical features (e.g. the transfer of data) from non-technical features (e.g. the data transfer being a financial payment). Although I understand Mr Gillespie's point that the underlying data transfer system could be used to transfer any sort of data, the fact of the matter is that in the present invention the data transfer is a financial payment. There is no suggestion anywhere in the application that the data could be anything else, and so I consider that the invention relates solely to making financial payments.
- 22 I therefore assess the actual contribution of the invention, as defined in present independent claims 1 and 6, to be:

*In a system/method of transferring money from a first account associated with a first mobile device to a second account associated with a second mobile device, and via a server, the request to make the transfer being a text message from the first mobile device which identifies the second account by a phone number of the second mobile device, the second party being required to provide a personal identification component to authorise the transfer, and the transfer being executed solely by the server.*

Steps 3 & 4: Ask whether the contribution falls solely within the excluded subject matter, and whether it is actually technical in nature

- 23 Mr Gillespie reminded me that it is the substance of the contribution which must be assessed, and that it is not relevant whether it is embodied in hardware or software. Mr Gillespie referred me to paragraph 54 of *Symbian* which confirms that a contribution may still be considered to be technical, and the invention not excluded, even if the contribution is achieved by software. In his written arguments, Mr Gillespie also referred me to paragraphs 51-53 of *Aerotel/Macrossan* in which a

method/system for making phone calls was allowed even though the invention was implemented using software. I do not disagree with this. However, the reason it was allowed is because an extra piece of hardware in the system provided a contribution over the prior art. In the present invention there is no extra piece of hardware, there is only a known arrangement of hardware which carries out a new method due to being programmed in a new way.

- 24 In his written arguments, Mr Gillespie also refers to *Aerotel v Wavecrest*<sup>4</sup> in which the *Aerotel* patent was subsequently refused after a reassessment of the contribution in light of new prior art documents. As a system comprising the extra piece of hardware, which was identified as providing the contribution in *Aerotel/Macrossan*, was found to be known from the new prior art, the contribution was reassessed, and was found to be nothing more than a business method and therefore the invention was excluded from patentability. Mr Gillespie stated that the present invention differs from this as “*There is no such prior art cited against the present application*”. Although I agree that the contribution made by the present invention differs from that identified in *Aerotel v Wavecrest*, I consider that prior art document Chen discloses the arrangement of hardware components of the present invention, the difference being the way in which those components operate and interact.
- 25 The written arguments also refer to paragraph 56 of *Symbian* as the leading case for assessing computer implemented inventions. Mr Gillespie draws a parallel between the present invention and that in *Symbian* by claiming that the present invention is a better system than prior art systems, and this is because it provides functionality that is not available in the prior art, and because it is more rapid and reliable than the prior art. I do not disagree with this either as I can see the advantages of the present invention over Chen. The use of text messaging and identifying the second party by their phone number may make the system quicker, and the use of a personal identification component by the second party may improve security. Therefore, in the present invention, there may be provided a quicker and more secure system/method of making payments, but this is still a method of doing business, albeit a better one, and is not technical. In *Symbian* the improvements were made to the computer itself (not a process carried out by the computer), and therefore the contribution was technical.
- 26 Mr Gillespie’s written arguments also refer to the five signposts provided in paragraph 40 of *AT&T/Cvon*<sup>5</sup> as an aid to assessing whether the contribution is technical. However, in his judgment in *Really Virtual*<sup>6</sup>, Deputy Judge Baldwin QC highlighted that not all of the signposts are applicable in every situation. The signposts all (with the exception of the fifth one) are given in the context of a computer. Whereas, the contribution made by the present invention is in the specific process steps used in making financial payments. These steps necessarily require a combination of hardware and software, but this is not where the contribution lies. I therefore do not consider that applying (or at least trying to apply) the *AT&T/Cvon* signposts to the present invention would be a useful exercise. The only signpost which could be properly assessed is the fifth one which relates to whether the problem is overcome by the invention, or merely circumvented. However, in this case

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<sup>4</sup> *Aerotel Ltd v Wavecrest Group Enterprises Ltd & Others* [2008] EWHC 1180

<sup>5</sup> *AT&T Knowledge Ventures & Cvon Innovations v Comptroller General of Patents* [2009] EWHC 343

<sup>6</sup> *Really Virtual Company Limited’s application* 2012 EWHC 1086 (Ch)



this is irrelevant. Even if the invention does solve a problem, that problem is not technical in nature, and is not solved with a technical solution.

- 27 Although Mr Gillespie has acknowledged that the invention provides an improved system/method for making financial payments, he considered that this is achieved by technical means. Mr Gillespie argued that the contribution is not only a computer program performing a business method, but that it extends to a new interaction between physical hardware components, which makes it a technical contribution. This, in Mr Gillespie's view, is sufficient that the contribution does not fall solely within excluded subject matter, namely a method of doing business and/or a computer program.
- 28 Although it is inarguable that the system and method of the present invention involve technical elements and considerations, it does not necessarily follow that the contribution is technical. Indeed, in the present invention, I have already identified that the contribution lies in the specific process steps in making financial transactions between mobile phones and via a server. Therefore, although the overall arrangement is technical, the contribution it provides is not.
- 29 None of the arguments presented at the hearing or in writing convince me that the contribution is technical, and therefore do not convince me that the invention should not be excluded as a method for doing business and/or a computer program.

### **Conclusion**

- 30 I have found that the contribution provided by the invention, as defined in claims 1 and 6, relates to a method for doing business as such. Insofar as the contribution is provided wholly in the software side of the system/method, the hardware arrangement being known, it also relates to a computer program as such. The invention is therefore excluded from patentability as it falls solely within the excluded categories defined in Section 1(2)(c) of the Patents Act 1977. I cannot identify anything in the specification which could form the basis of a valid claim, and therefore refuse the application under Section 18(3).

### **Appeal**

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

**ALEX SWAFFER**

Deputy Director, acting for the Comptroller