



## PATENTS ACT 1977

APPLICANT	WMS Gaming Inc.
ISSUE	The Patents Act 1977: whether patent application GB1018115.4 complies with section 1(2) and whether search of this application serves no useful purpose under section 17(5)(b)
HEARING OFFICER	Dr L Cullen

---

## DECISION

### Introduction

- 1 This decision concerns patent application GB1018115.4 entitled "*Apparatus for playing wagering games*" and whether the invention as claimed in this application relates to excluded matter as defined in Section 1(2) of the Patents Act 1977 (hereafter the Act).
- 2 The application was filed under the provisions of the Patent Cooperation Treaty (PCT) on 19 May 2008, claiming an earliest priority date of 15 April 2008, and was initially published as WO2009/128847A1 on 22 October 2009. On entering the national phase in UK, it was subsequently re-published as GB2471433A on 29 December 2010.
- 3 There has been a lengthy written discourse between the applicant, WMS Gaming Inc., represented by Mr Keith Beresford of Beresford & Co. and the examiner, Mr Andrew Hole, on this application. Ultimately, following a number of attempts by the applicant to amend the claims to overcome the examiner's objection under excluded matter, the examiner issued an official report under Section 17(5)(b) dated 18 April 2013 indicating that a search would not serve a useful purpose because the amended claims were not patentable since they related to excluded matter.
- 4 In accordance with the applicant's wishes, as expressed in their agent's letter of 21 March 2013, the right to an oral hearing was waived and, as requested, this decision has been based on the papers on file.

### The Invention

- 5 The invention finds utility in the gaming industry, in particular, in wagering machines in a casino. It allows a player to play a wagering game at a machine in the casino

using funds in a remote account. Specifically, the invention allows one or more players to use syndicate funds or, alternatively, gives a person remote from the player in the casino, the opportunity to allow that player to play on their behalf.

### **Application History**

- 6 In many cases before the comptroller it is not necessary to set out the history which has led up a hearing, or, as in this case, to a decision from the papers on file. However, in this instance, I think it is beneficial to set out that part of the application history which has a direct impact in terms of the questions this decision needs to answer. Uppermost in my mind is that as the decision is being dealt with on the papers, it is important that I take into account the responses and submissions made by the agent, Mr Beresford, on behalf of the applicant, WMS Gaming Inc., during prosecution of this application.
- 7 On entry to the national phase, the application was republished in the UK under section 16 of the Act and a first examination was performed by the examiner on 20 February 2012. This report raised a number of issues including Excluded Matter. It is important to note that updating of the International Search was deferred by the examiner pending resolution of these objections. As this examination report was issued within 12 months of the date of expiry of the period for putting the application in order under section 20, the compliance date for this application was extended to 20 February 2013 (under rule 30(2)(b) of the Patents Rules 2007, as amended, hereafter 'the Rules').
- 8 In his response on behalf of the applicant to this first examination report, dated 2 August 2012, Mr Beresford provided new claims that were substantially different to those filed with the application when it entered the national phase. It is from these amended claims that the current set of claims is derived.
- 9 The examiner, in his second official examination report dated 26 October 2010, noting the substantial difference between these amended claims and the original claims, forewarned the applicant that, if these amended claims were found to be patentable, i.e., that they do not relate to excluded subject matter, it would be necessary to conduct a new search in relation to the subject matter of these amended claims and so an additional Form 9A and associated fee would be necessary. However, as the examiner made clear in this report (see paragraph 4) he still considered that these amended claims still related solely to excluded matter, and, as a result, no useful purpose would be served by conducting a search at this point in time.
- 10 On the 11 February 2013, Mr Beresford responded to this second official examination report by filing a further set of amended claims. He also filed a Patents Form 9A, and associated fee, requesting a further search on this application. In his accompanying letter of this date, he provided extensive argument as to why the examiner should allow the application as claimed and also why he should carry out the search.
- 11 On 21 February 2013, the examiner issued a third official examination report wherein he reiterated his objections under Section 1(2) of the Act that the application related

to excluded matter. He also declined to undertake a search under Section 17(5)(b) in response to the additional Form 9A filed on 11 February 2013.

- 12 On 14 March 2013, Mr Beresford responded with a further letter arguing that a search should be conducted and that, for the reasons outlined, in his earlier letter (dated 11 February 2013), the application did not relate to matter excluded under section 1(2) of the Act. Mr Beresford also filed a further set of amended claims. These claims were, in turn, further amended by the agent in his letter dated 9 April 2013. It is this latest set of amended claims that are under consideration for the purposes of this decision. I have reproduced independent claim 1 at Annex A of this decision. I note that in this letter dated 9 April 2013, Mr Beresford requested a hearing on this application to deal with the excluded matter issue.
- 13 On 17<sup>th</sup> April 2013, the examiner issued a letter reiterating the Section 1(2) objection on this application and indicating that the case would be referred to a Hearing Officer at the IPO for a formal decision. As noted above already, he also issued a formal search report under Section 17(5) indicating that no search would be performed as it would serve no useful purpose.
- 14 The compliance date on this application has been extended under rule 108(3) of the Rules to 20 June 2013.

### **The Issues to be decided**

- 15 The main issue to be decided in this application is whether it complies with Section 1(2) of the Act.
- 16 There is also the related issue of the search report issued under Section 17(5)(b) indicating that a search of the subject matter claimed in the application would serve no useful purpose. The applicant, in their agent's letter dated 14 March 2013, provided arguments as to why the application and the latest set of amended claims on file should be searched. They asked that this decision of the examiner not to carry out a search on this application and to go ahead and issue a report under Section 17(5)(b) should be referred to a Hearing Officer.
- 17 I will deal with the issue of excluded matter first and then turn to consider the matter of the search report issued under Section 17(5)(b)
- 18 If I find that the application does not relate to matter excluded under Section 1(2), I will remit the case to the examiner for search and completion of the substantive examination.

### **Excluded Matter – Section 1(2)**

#### ***The Law***

- 19 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."*

20 Current IPO examination practice is to use the structured approach set out by the Court of Appeal in its judgment in *Aerotel/Macrossan [2006] EWCA 1371* (hereafter *Aerotel*) 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 *Aerotel* 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 the third step – asking whether the contribution is solely of excluded matter - should have covered that point already.

21 More recently, the Court of Appeal in the case of *Symbian [2009] RPC 1* (hereafter *Symbian*) 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* confirmed that the four-step test is equivalent to the prior case law test of 'technical contribution', as discussed in *Merrill Lynch*<sup>1</sup>, *Gale*<sup>2</sup> and *Fujitsu*<sup>3</sup>. The key question is what does the 'technical contribution' amount to, not whether it happens to be implemented by a computer.

### ***The Applicant's Arguments***

22 The main argument made by the agent, Mr Beresford, is that the claims on file, in his words, involve a "*relevant technical effect*" because they describe a situation which delivers "*activation or putting into operation of a game machine in response to two electronic events*". This, he suggests, can be understood from the last two clauses of claim 1. He argues, for example, in this letter of 11 February 2013 (see page 3):

---

<sup>1</sup> Merrill Lynch's application [1989] RPC 561.

<sup>2</sup> Gale's application [1991] RPC 305.

<sup>3</sup> Fujitsu Limited's application [1997] RPC 608.

*“Hence, the selection means enables the remote computer to select both (a) a monetary amount from an account associated with the user of the remote computer and (b) an account of a particular wagering machine game player. The control means controls the wagering game machine to enable games to be played on it when that particular wagering game player has logged onto the machine.*

*In other words, a logical “AND” function takes place in order to activate the machine, i.e. put it into a condition in which it is enabled for wagering games. Thus, the significance of the “monetary amount” to the wagering game machine is that it constitutes a control or enabling signal applied to a the logical “AND” function for the purposes of activating the machine”*

23 He goes on to say that whilst this “*monetary amount*” is clearly of financial significance, it performs a technical function in that it renders the machine operational. As such, the technical significance of the monetary value is that it takes the claimed invention beyond exclusion as a business method.

24 In support of the technical character of this “*monetary amount*”, Mr Beresford has referred me to EPO case *T-97/1177 (Siemens)*. Specifically, he has quoted the following section of this decision:

*“the use of a piece of information in a technical system, or its usability for this person, may confer a technical character on the information itself.....Such information when used in or processed by the technical system may be part of a technical solution to a technical problem and form the basis for a technical contribution”*

25 He has also directed me to EPO case *T-04/0154 (DUNS Application)* from which he quotes:

*“In fact, a non technical feature may interact with technical elements so as to produce a technical effect, e.g. by its application for the technical solution of a technical problem .....it must count as a contribution to the technical character”.*

26 In a further reference to EPO case-law, he draws my attention to *T-06/1658 (Microsoft)*, a case where, in paragraph 5.1, a ‘licence’ was held to be a “*set of control data sent from one computer to another*”. This, in the agent’s view, confirms the validity of his point that the “*monetary amount*” has technical character and that it operates to put a wagering game machine into a “*condition*” in which a game may be played.

27 He goes on to say that the claim does not require the user to go and play the game because what is important is that the machine is put into “*a condition in which a game can be played upon it*”. As no particular game is played there are no rules of playing the game and the claim escapes the objection that it is a method of playing a game.

28 In terms of UK case-law, he has referred me to the judgements in *Symbian* and *Protecting Kids the World Over [2011] EWHC 2720 (Pat)* (hereafter *PKTWO*). The

agent's argument is that I should follow the case-law of the EPO Boards of Appeal unless the UK courts consider that it is wrong. If there is UK case law that is inconsistent with EPO case-law, the EPO approach should be followed, unless it is clear that the EPO case law is in fact wrong. In the view of the agent, if I do so, in particular taking account of the conclusions in *T-04/0154*, referred to above, then I must conclude that the "*monetary amount*" and the subsequent processing thereof must be contributing a technical effect, i.e., activating a gaming machine.

- 29 In referencing *PKTWO* and, in a subsequent reference to *Apple v HTC [2012] EWHC 1789 (Pat)* (hereafter *Apple*), the agent argues that one must look at the effect of the invention outside the computer. In *PKTWO* this was an improved alarm system whereas in *Apple* this was an improved switch for accessing the computer. In both cases, neither was considered to be a computer program as such. Developing this point he further argues that enabling the machine to operate through the "*monetary amount*" from a remote machine is clearly a technical effect beyond the running of a computer program. The use of the remote machine corresponds, in his view, to the computer operating in a new way and providing an external control.

### ***Analysis***

- 30 The first step in *Aerotel* is to construe the claim – in this case amended claim 1 currently on file and as reproduced below in the Annex to this decision.

#### *Step (1): Properly construe the claim;*

- 31 It is clear to me from the applicant's arguments that great store is being placed in the definition of some terms and how the system operates as a whole. Therefore, I consider it essential that I come to a clear view of what I believe the claim to mean. In doing so I should follow the well known authority on claim construction which is *Kirin-Amgen and others v Hoechst Marion Roussel Limited and others [2005] RPC 9*. This requires that I put a purposive construction on the claims, interpreting them in the light of the description and drawings as instructed by Section 125(1) of the Act and taking account of the effect of the Protocol to Article 69 of the European Patent Convention. Simply put, I must decide what a person skilled in the art would have understood the language in the claim, drafted by the patentee, to mean.
- 32 The first three clauses of the claim present little difficulty in understanding. These set out the basic structure of the system, a casino machine, a remote user computer and an account server that associates casino player accounts with users of the remote computers.
- 33 The next element of the claim allows the player to logon to the casino game machine and, according to the claim, "*to condition*" the machine to allow a game to be played on it. I have some difficulty with the use of the term "*to condition*" in the claim as it does not appear in the specification as filed. What meaning should I therefore ascribe to it? I have carefully read the specification and come to the conclusion that the meaning of this term is actually the provision of funds to allow a user to play the machine. Without available funds the user cannot play a game, if he has the funds then he can.

- 34 I find the use of the term “*to condition*” unfortunate in this context. This term both conveys and implies that it relates to some technical meaning about the setting up of the wagering machine. However, based on what is disclosed in the specification, the term does not relate to such a meaning in this context and, to ascribe such a meaning to it, is in my opinion, incorrect.
- 35 The next part of the claim, the selection means, requires explanation. This is the system set out in Figure 1 of the specification that allows a remote player, “Mark Price” in this example, to designate another player, “Rob Jones”, to play on his behalf in the casino. This according to the specification allows the remote player, the opportunity to experience “*the thrill of playing and winning wagering games but without having to be in the casino*” (see paragraph [0043]).
- 36 The final clause of the claim once again refers to control means which operates to “*condition*” the wagering game. As I read it, this operation is to allow the game player who has logged in on the casino machine to use the funds provided by the remote player. I have to admit I am unsure what is meant by “*independently of the selected wagering game player account*” in the final line of this final clause. I can find no reference to the term ‘independently’ anywhere in the specification. However, having studied the specification, this term appears to me to relate to the situation set out in Figures 3 to 7 which suggests that the player makes independent, i.e., exclusive, use of the remote funding unlike the situation in Figure 8 where remote funding is used to top up the machine.
- 37 In summary, the claim allows a player in a casino who has been selected or approved by a third party and after logon to a machine to use funds from a third party to play a wagering game. Though not mentioned in the claim the third party then takes a percentage of the winnings (and, I assume, a share of the inevitable losses).

*Step (2): Identify the actual contribution.*

- 38 The second step of the *Aerotel* test requires me to identify the actual or alleged contribution. In this case it is the alleged contribution as no search has been performed. Mr Beresford has suggested that the contribution is characterised as ‘activation or putting into operation of a game machine in response to two electronic events’.
- 39 I do not believe that this is the case, not least because I have difficulty in understanding what is meant by the term “*condition*” as discussed above. I propose to explore what is actually happening in this invention and by doing so I can also determine what is it that the inventor has added to the stock of human knowledge.
- 40 The player in the casino logs onto the wagering machine. On logging in he<sup>4</sup> is given the opportunity to use funds from a remote party to play the game if he has been selected by the remote party. In truth, I think this forms the contribution. What the inventor has added is a way of allowing a player in a casino to play a wagering game using funds from a third party. In effect the system only “*conditions*” the wagering machine in so far as making sure that there are funds available for the user to play.

---

<sup>4</sup> Use of the term ‘he’ denotes equally ‘he or she’, but is used alone for ease and convenience

From the viewpoint of the casino they are concerned only that monetary amounts are being wagered

*Step (3): Ask whether the contribution falls solely within the excluded matter;*

41 Does this lie in an excluded area? Yes it does – it is clearly a business method as well as a computer program. Specifically, it is a business method operated by a casino to ensure that the machines are being used since this is how they derive their income. They are not, I would hazard a guess, terribly concerned where the funds come from to the extent that this application is a way of ensuring that funds are available to the players in the casino.

42 The main precedent for dealing with business methods is found in *Merrill Lynch*<sup>1</sup>. In that case a data processing system for making a trading market in securities was found to be unallowable. In dismissing the appeal from the lower court, the Court of Appeal held that:

*“matter excluded from patentability by Section 1(2) could contribute the inventive step required to make an invention patentable: there must be a new technical result and the result must not itself be an item excluded by Section 1(2)”*

43 The Court provided further detail at page 569 stating:-

*“Now let it be supposed that claim 1 can be regarded as a producing a new result in the form of a technical contribution to the prior art. That result, whatever the technical advance may be, is simply the production of a trading system. It is a data-processing system for doing a specific business, that is to say, making a market in securities. The end result, therefore, is simply a “method .... of doing business”, and is excluded by section 1(2)(c). 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 into 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”*

44 In this case moving the “*monetary amount*” from the remote player to the machine player might be inventive (although no search has been done to confirm this). However, the result is not a new technical result but is rather a business transaction i.e., providing funds to a player. In short, the data processing system of the claim as was the case in *Merrill Lynch* serves only to perform a business method.

45 I am also reinforced in my view by the comments of HHJ Birss, as he then was, in *Halliburton [2011] EWHC 2508 (Pat)* when discussing the issue of the relationship



between business methods and computer programs. At paragraphs 32-36, he stated:

- “32 Thus when confronted by an invention which is implemented in computer software, the mere fact that it works that way does not normally answer the question of patentability. The question is decided by considering what task it is that the program (or the programmed computer) actually performs. A computer programmed to perform a task which makes a contribution to the art which is technical in nature, is a patentable invention and may be claimed as such. Indeed (see Astron Clinica [2008] RPC 14) in those circumstances the patentee is perfectly entitled to claim the computer program itself.*
- 33 If the task the system performs itself falls within the excluded matter and there is no more to it, then the invention is not patentable (see Symbian paragraph 53 above). Clear examples are from the cases involving computers programmed to operate a method of doing business, such as a securities trading system or a method of setting up a company (Merrill Lynch and Macrossan). Inventions of that kind are held not to be patentable but it is important to see why. They are more than just a computer program as such. For example, they self evidently perform a task which has real world consequences. As Fox LJ said in Merrill Lynch (p569 at line 27), a data processing system operating to produce a novel technical result would normally be patentable. However that is not the end of the analysis. He continued: “however it cannot be patentable if the result itself is a prohibited item” (i.e. a method of doing business). When the result or task is itself a prohibited item, the application fails.*
- 34 The reasoning in Merrill Lynch means that the computer implemented invention claimed there would not have been excluded from patentability if it were not for the combined effect of two exclusions in s1(2) - computer programs and (in that case) business methods. The cases in which patents have been refused almost always involve the interplay between at least two exclusions. A notable exception is the outcome of Fujitsu. However the Court of Appeal in Symbian drew attention to that case as having an arguably inconsistent result (in the passage quoted above and see also paragraph 42 of the judgment) and I note that Fujitsu is not mentioned in the important sentence at the end of paragraph 51 of Lord Neuberger’s judgment.”*
- 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."*

46 The task in this case is about providing funds to the player in the casino. This is clearly a business method and the presence of a computer program or system does not change this fact. Mr Beresford argues that the contribution is the 'conditioning' of a machine. Leaving aside that this term does not appear in the specification and is open to some speculation as to its meaning, this contribution appears to me to be nothing more than putting the player into a position where he can play the game. This is not a position that has any technical meaning but is purely financial, i.e., does the player have the funds to play a game on the wagering machine.

47 There has been some discussion as to whether this would fall foul of the computer program exclusion on its own. There is little doubt that it is a computer program but it is one that implements a business method. In doing so, I cannot see how the program provides a technical contribution and, as a result, it may well be further excluded as such.

48 The examiner had indicated that he believes the contribution to be a method of playing a game. I am of the view that this is not the case here. The application is directed at putting the player in a position to play a game through providing funds. There is no discussion of rules or actually playing a casino game. More specifically, the application does not provide any insight or instructions as to how to use the wager any funds. In the absence of any such information it is clear to me that the objection to a method of playing a game is moot.

*Step (4) Check whether the contribution is actually technical in nature*

49 Given my answer under Step 3 above, I do not need to go on and consider this fourth step of the *Aerotel* test.

## **Section 17(5)(b) – Search would serve no Useful Purpose**

### ***The Law***

50 Section 17(5)(b) of the Act reads:

*On any such search the examiner shall determine whether or not the search would serve any useful purpose on the application as for the time being constituted and –*

*(a) if he determines that it would serve such a purpose in relation to the whole or part of the application, he shall proceed to conduct the search so far as it would serve such a purpose and shall report on the results of the search to the comptroller; and*

*(b) if he determines that the search would not serve such a purpose in relation to the whole or part of the application, he shall report accordingly to the comptroller;*

*and in either event the applicant shall be informed of the examiner's report.*

### ***The Applicant's Arguments***

51 In the applicants correspondence with the Office, in particular, the agents letter dated 11 February 2013, Mr Beresford has argued that a search under Section 17 should be conducted because it would be "*the most efficient and cost effective way of dealing with this application*" (see page 2 of agent's letter dated 11 February 2013). In my assessment, he bases this argument on three points:

- Firstly, if prior art is discovered that anticipates the application or renders it obviousness, then the costs of dealing with the excluded matter will be avoided;
- Secondly, should the application be refused by the hearing officer, his clients will likely appeal to the courts which would expose them and the office to substantial costs. If during these proceedings his clients were successful then it would be remitted to the office for further processing which would necessarily require a search to be performed, if at that point a prior art search showed that the invention lacked novelty or inventiveness, the applicant and the office will have incurred significantly more costs and wasted a great deal more time dealing with this case;
- Thirdly, all these potential actions if conducted in a sequence, rather than in parallel (as the applicant would prefer) would take more time and could take up to a year to resolve.

### ***Analysis***

52 My understanding of this is that the applicant requested that a search be performed to avoid having to resolve the issue of excluded matter alone - either before me as

the hearing officer or on appeal to the court - because it will potentially cost his clients time and money. If the applicant is successful in relation to overcoming the excluded matter objection, the application would then have to be remitted back to the IPO for all other matters to be dealt with, including the search. This would prolong the time and costs to get a granted patent. The applicants preferred approach would be to deal with all possible relevant matters at the same time, i.e., the outcome of any search on novelty and obviousness as well as the issue of excluded matter. I take this to mean that the applicant considers that the latter would be a more efficient way of dealing with this case

53 Section 17(5)(b) provides, in my view, a reminder that although all patent applications shall be referred to an examiner for a search, this shall only be carried out if it would, based on the determination by the examiner, serve a useful purpose. In effect, will carrying out a search be useful in relation to determining if the application is new and involves an inventive step, as referred to earlier in this section of the Act, i.e., Section 17(4). This serves to protect the public interest that only those applications that are in a suitable state and serve such a purpose will be searched and so contribute to the wider economic development within the country. Thus when an application comes before an examiner it is up to each examiner to make a determination whether or not it is appropriate for them to conduct a search on it. What they are being asked is, I think, will a search help me in this matter or not? In this case, the application relates to excluded matter and so the question for the examiner is will carrying out a search on this application help me in resolving the issue of excluded matter.

54 The UK courts have approached the issue of not performing a search and excluded matter on a number of occasions. In *Shopalotto [2005] EWHC 2416 (Pat)* for example, the late Pumfrey J stated at paragraph 12:

*The questions may be answered notwithstanding the fact that there has been no novelty search in relation to the invention. I entirely acknowledge the force of the objection made by Mr Davis on behalf of the Applicant that the scope of a contribution to the art can scarcely be ascertained until a prior art search has been done, but one should not confuse the scope of the contribution on the one hand with the area in which the contribution is made on the other. Moreover, there comes a point where the relevant matters are so notorious that a formal search is neither necessary nor desirable and the Comptroller is entitled to use common sense and experience (see *Laguerre's Patent [1971] RPC 384 at 398 line 24*). Thus, 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. Indeed, without such knowledge it is not possible to understand the specification at all.*

55 In *IGT [2008] EWHC 568 (Pat)*, Peter Prescott QC, sitting as a deputy judge, made it clear that prior art searching is at the discretion of the Office when, at paragraphs 52 and 53, he stated:

52. Furthermore, if the stripping-out exercise is performed it may become self-evident that the combination of "technical" features was common general knowledge, or even acknowledged in the application itself (see e.g. paragraph 12 above). It may then emerge that a search under section 17 would serve no useful purpose, see section 17(5), and may be deferred pending amendment, thus saving valuable human resources.

53. But on matters of searching I do not want to say one word that would fetter the discretion of the Patent Office in this and future cases.

56 It is clear to me from these decisions that the discretion of whether to search an application or not lies with the Office. It is therefore up to the examiner to determine what they see as the facts of the application and proceed how best they see fit within the law and the guidelines as laid out, for example, in the Manual of Patent Practice<sup>5</sup>. I do not believe it is appropriate for them to consider future events which may or may not occur, they have to consider the specific issues before them as they actually exist at that moment in time.

57 If I were to follow Mr Beresford's line of reasoning then we would search every case no matter how unlikely a patent could be granted because it might put the applicant to a potential as yet unquantifiable cost. I think it goes without saying that this would of course incur considerable cost in terms of time and resources for the office. That cannot be right and I consider it right and proper that the examiner be able to exercise their discretion. It is a matter of "common sense" to use Pumfrey J's wording when deciding whether to search or not.

58 I would make one further observation. Section 101 of the Act states:

*"Without prejudice to any rule of law, the comptroller shall give any party to a proceeding before him an opportunity of being heard before exercising adversely to that party any discretion vested in the comptroller by this Act or rules."*

59 It is clear to me that if, as in this application, the applicant disagrees with the decision of the examiner not to carry out a search under Section 17(5)(b) then it is open to him to be heard before the comptroller. This point was made clear by Peter Prescott QC, sitting as a deputy judge, in CFPH [2005] EWHC 1589 (Pat) where at paragraph 96 he states:

*In order to identify what is the advance in the art that is said to be new and non-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 appointed because they have a professional scientific or technical training. They 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, and thus the applicant will have the opportunity to refute it in case there has been a mistake*

---

<sup>5</sup> The Manual of Patent Practice explains Office practice under the Patents Act 1977, see IPO website at <http://www.ipo.gov.uk/pro-types/pro-patent/p-law/p-manual/p-manual-practice.htm>.

- 60 In summary, firstly, I consider that it is well within the discretion of the examiner to refuse to search an application because they determine that it would serve no useful purpose. I think there is an onus on the examiner to make it clear why they have not searched and in this case the examiner has done just that. The applicant was forewarned that this was likely to be the case.
- 61 Secondly, the examiner having come to that decision, which is an exercise of discretion adverse to the applicant, the applicant has the right to be heard before the comptroller. In this case, the applicant has taken this opportunity. He has asked for this issue to be dealt with on the basis of the papers on file.

### **Conclusion**

- 62 I find that the invention, as claimed in amended claim 1, is excluded under Section 1(2) of the Act because it relates to a method of doing business and to a program for a computer.
- 63 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 section 18(3) of the Act.
- 64 It was within the discretion of the examiner in this case to determine that, under section 17(5)(b), a search would serve no useful purpose because the application related solely to excluded matter

### **Appeal**

- 65 In line with current practice of the Intellectual Property Office any appeal must be lodged within 28 days.

**Dr LAWRENCE CULLEN**

Deputy Director acting for the Comptroller

## **Annex – Claim 1**

Apparatus for laying wagering games comprising:

A plurality of wagering game machines located in a casino and operable by wagering game players in the casino;

A plurality of computers remote from the casino and operable by users remote from the casino;

Data storage means storing a plurality of wagering game player accounts associated respectively with said wagering game players and a plurality of remote user accounts associated respectively with said remote users;

Logon means for enabling wagering players to logon to said wagering game machines, said logon means being operable to condition each said wagering machine for the playing of wagering games thereon utilising funds from the wagering game player account associated with the wagering game player logged onto the machine;

Selection means operable by said remote computers to enable each said remote user to designate an amount of funds from the associated remote user account and to select a said wagering game player account; and

Control means which is operable, in response to the selection of said wagering game player account by said selection means and to the wagering game player associated with the selected wagering game player account having logged onto one of said wagering machines, to condition said one wagering game machine for the playing of wagering games thereon utilising said designated amount of funds from said associated remote user account independently of the selected wagering game player account.