

customers to buy the retailer's products as they will have the opportunity to win much larger prizes albeit with a smaller chance of winning.

- 6 The invention includes a so-called "*promotional prize draw management system*" which provides an interface between the retailer's own prize draw systems and the official lottery's computer system. The promotional prize draw management system provides secure access to the lottery system and is programmed to obtain lottery entries which are used to generate corresponding prize draw entries for the retailer that are then distributed to eligible customers. The promotional prize draw management system also receives the lottery results, processes winning payments and performs necessary accounting functions.
- 7 The claims are as originally filed on 2 February 2012. There are 76 claims in total of which 8 are independent. Claim 1 relates to a method of generating promotional prize draw entries and reads as follows:

1. A method of generating Promotional Prize Draw Entries from officially operated Official Lottery entries and using these to operate Promotional Prize Draws in conjunction with sales promotion computer systems that support operation of Promotional Prize Draws via sales systems which record customer sales data, operated by one or more product suppliers or merchants, the method comprising the steps of:

acquiring Official Lottery Entries from an Official Lottery;

generating from the acquired Official Lottery Entries, Promotion Prize Draw Entries and linking these to the Official Lottery Entries from which they are derived;

distributing the Promotion Prize Draw Entries to a sales promotion computer system for issue when sales transactions supplied by a sales system to the sales promotion computer system meet the criteria of any sales promotion for award of customer Promotion Prize Draw Entries;

receiving the results of the the Official Lottery prize draw and matching any prize-winning Official Lottery Entries to a linked Promotion Prize Draw Entries; and

allocating any prizes won by the Official Lottery Entries to the linked Promotion Prize Draw Entries.

- 8 Mr Duckworth filed an alternative specification and amended claims on 23 July 2013 also for my consideration. The amendments are intended to address, amongst other things, the outstanding plurality and inventive step objections. Claims 47 to 60 which related to a computer program product have been removed and claims 61 to 76 which related to the second invention and a number of other dependent claims have also been deleted.

The Law

- 9 The examiner has raised an objection under section 1(2)(c) of the Patents Act 1977 that the invention is not patentable because it relates to a method of doing business or a program for a computer as such; the relevant provisions of this section of the Act are shown in bold below:

1(2) It is hereby declared that the following (amongst other things) are not inventions for the purpose of the Act, that is to say, anything which consists of-

(a)

(b)

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

(d)

but the foregoing provisions shall prevent anything from being treated as an invention for the purposes of the Act only to the extent that a patent or application for a patent relates to that thing as such.

- 10 As explained in the notice published by the UK Intellectual Property Office on 8 December 2008¹, the starting point for determining whether an invention falls within the exclusions of section 1(2) is the judgment of the Court of Appeal in *Aerotel/Macrossan*².
- 11 The interpretation of section 1(2) has been considered by the Court of Appeal in *Symbian Ltd's Application*³. *Symbian* arose under the computer program exclusion, but as with its previous decision in *Aerotel*, the Court gave general guidance on section 1(2). Although the Court approached the question of excluded matter primarily on the basis of whether there was a technical contribution, it nevertheless (at paragraph 59) considered its conclusion in the light of the *Aerotel* approach. The Court was quite clear (see paragraphs 8-15) that the structured four-step approach to the question in *Aerotel* was never intended to be a new departure in domestic law; that it remained bound by its previous decisions, particularly *Merrill Lynch*⁴ which rested on whether the contribution was technical; and that any differences in the two approaches should affect neither the applicable principles nor the outcome in any particular case. But the *Symbian* judgment does make it clear, that in deciding whether an invention is excluded, one must ask does it make a technical contribution? If it does then it is not excluded.
- 12 Subject to the clarification provided by *Symbian*, it is therefore still appropriate for me, to proceed on the basis of the four-step approach explained at paragraphs 40-48 of *Aerotel/Macrossan* namely:

¹ <http://www.ipo.gov.uk/pro-types/pro-patent/p-law/p-pn/p-pn-computer.htm>

² *Aerotel Ltd v Telco Holdings Ltd and Macrossan's Application* [2006] EWCA Civ 1371; [2007] RPC 7

³ *Symbian Ltd v Comptroller-General of Patents*, [2009] RPC 1

⁴ *Merrill Lynch's Application* [1989] RPC 561

1) Properly construe the claim

2) Identify the actual contribution (although at the application stage this might have to be the alleged contribution).

3) Ask whether it falls solely within the excluded matter, which (see paragraph 45) is merely an expression of the “as such” qualification of section 1(2).

4) If the third step has not covered it, check whether the actual or alleged contribution is actually technical.

13 The operation of this test is explained at paragraphs 40-48 of the decision. Paragraph 43 confirms that identification of the contribution is essentially a matter of determining what it is the inventor has really added to human knowledge, and involves looking at substance, not form. Paragraph 46 explains that the fourth step of checking whether the contribution is technical may not be necessary because the third step should have covered the point.

14 Mr Duckworth accepted that this was the right approach to take.

Arguments and analysis

15 The examiner maintains that the invention as claimed is excluded under section 1(2)(c) of the Act as it relates to a business method and a computer program as such. His position is set-out most recently in his examination report of 13 March 2013. The applicant’s arguments to the contrary are contained in their letters of 9 August 2012, 25 January 2013 and 13 May 2013 respectively. I am also grateful to Mr Duckworth for having supplied me with a copy of his “skeleton arguments” dated 22 July 2013 and 16 September 2013 which provide a useful summary of the main points which were discussed at the hearing. I do not intend to repeat all the arguments here in full but will summarise them appropriately in the paragraphs which follow.

Construing the claims

16 The first step of the test is to construe the claims. I do not think this presents us with any real problems since the scope of the claims is clear.

Identify the actual contribution

17 For the second step, it is necessary to identify the contribution made by the invention. Paragraph 43 of *Aerotel/Macrossan* explains that this is to be determined by asking what it is - as a matter of substance not form - that the invention has really added to human knowledge having regard to the problem to be solved, how the invention works and what its advantages are.

18 The examiner considers the arrangement of the hardware to be entirely conventional, and that the contribution therefore lies in a new promotional method of linking official lottery entries to prize draw entries with the added effect that customers are attracted to the larger prize fund which is made available as a result.

- 19 At the hearing, Mr Duckworth drew an analogy between the current application and that which was disclosed in *Aerotel*, referring me specifically to paragraphs 50 to 57 of the judgment. He argues that, as in *Aerotel*, the actual contribution is a completely new physical combination of hardware, which is in itself new, and not merely because it is to be used to implement a new business method or prize draw system. The contribution is a new arrangement of hardware which although it could be implemented using conventional computers is more than just a computer program as such or a business method, and is clearly technical in nature as was the “*special exchange*” in *Aerotel*.
- 20 He argues that the “*promotional prize draw management system*” is akin to the special exchange described in *Aerotel*, and that this new component provides, amongst other things, a device for effecting secure communications between distributed sales promotion systems and official lottery systems, generating prize draw entries from official lottery entries, processing winning payments and performing necessary accounting functions. Mr Duckworth alleges that this new combination of apparatus provides additional advantages in terms of practical implementation, operational flexibility, security and load management. Although, the specification is silent in this respect.
- 21 So what is the contribution? In my opinion, the contribution resides in a new arrangement for administering a promotional prize draw in which entries are linked with official lottery entries for the purpose of increasing the prize fund and attracting more customers. I do not think the contribution extends as far as to include a new arrangement of physical hardware as was the case in *Aerotel*. It is well known in the art to use conventional computers to implement promotional prize draw systems in a retail environment, and there is nothing to suggest in the specification that the hardware being used here is anything other than conventional. Indeed, the application envisages the use of general purpose computers, known communications technology and sales promotion systems in its implementation. However, where the contribution differs from the prior art is in what the hardware is programmed to do i.e. the functions which are carried out in order to generate the prize draw entries.

Does the contribution fall solely within excluded subject matter? Is the contribution technical in nature?

- 22 The examiner argues that the contribution insofar as it relates to the promotion of sales and/or encouraging customer loyalty by leveraging official lottery entries as prizes falls solely within the business method exclusion, and that by using conventional hardware to implement the system, the contribution would also seem to reside in a computer program. Furthermore, he argues that the issuing and linking of official lottery entries on the basis of promotional prize draw entries is not technical in nature, and that therefore the invention as claimed is excluded both as a business method and a computer program as such.
- 23 Mr Duckworth argues that whilst the invention could have been implemented using conventional hardware and/or existing official lottery and sales system computers, for reasons of independence of implementation, security and load shedding, it has not. It is a new combination of hardware comprising more than just computers, i.e. including communications equipment such as routers, modems and encryption

devices. The invention as such is more than a method of doing business and a computer program and is clearly technical in nature.

Business method

- 24 In my opinion, the task of linking official lottery entries to prize draw entries in a sales promotion system constitutes a step in a business process, and not a technical one. It has been established that the invention as claimed is intended to use the higher prize fund associated with an official lottery entry to make the prize draw more attractive to customers, the invention therefore provides certain business advantages to the retailer which I do not consider to be technical in nature. I therefore consider the contribution to fall squarely within the business method exclusion.

Computer program

- 25 There is no doubt in my mind that the contribution requires a computer program for its implementation. However, the mere fact that the invention is effected in software does not mean that it should be immediately excluded as a computer program as such. What matters is whether or not the program provides a technical contribution.
- 26 As I have already said, I do not think the contribution extends as far as to include a new arrangement of physical hardware as was the case in *Aerotel*. It is well known in the art to use a combination of conventional computers, routers, modems and encryption devices to implement promotional prize draw systems, and there is nothing to suggest in the specification that the hardware being used here is anything other than conventional. The contribution therefore seems to lie in the underlying software required to acquire lottery entries from the official lottery and to generate corresponding prize draw entries. The mere fact that computers and communications equipment are used to facilitate this process does not convey the necessary technical contribution to avoid exclusion as a computer program.
- 27 At the hearing, Mr Duckworth suggested that there were a number of other advantages resulting from the use of a separate promotional prize draw management system to provide the interface between the retailer's sales promotion system and the official lottery's computer system. Firstly, he alleges that the system as a whole would be more flexible in that it would be easier to implement changes without the need to involve the retailers or lottery system owners. Whilst this may be the case, it has been achieved by the creation of what is effectively a clever piece of stand-alone software for linking the retailer's sales promotion system with that of the official lottery, and does not constitute a technical contribution beyond that which the system has been programmed to do, and I do not think this is sufficient to save the invention from exclusion.
- 28 Furthermore, Mr Duckworth argues that the proposed new arrangement of hardware minimises the security risks associated with transferring information between the official lottery system and the sales promotion systems by severing the direct link between them. This is achieved by having a single high security link between the lottery system and the promotional prize draw management system and lower security links between the management system and the various retailers promotional systems. I agree to some extent that this will reduce the security risk associated with obtaining entries from the official lottery system but only insofar as the number of low

security connections into the lottery system has effectively been reduced to zero. However, I do not think this has been achieved by technical means, rather the problem has been solved by the creation of an intermediate program for managing the connection.

- 29 Mr Duckworth also alleges that the introduction of a promotional prize draw management system will reduce the load on the official lottery system as it will make fewer requests for lottery entries than the individual sales promotion systems would otherwise have done, thereby reducing the volume of transactions being dealt with by the lottery system. Again, I do not think this has been achieved by technical means but merely by the introduction of an intermediate piece of software capable of making advance requests for lottery entries on behalf of the retailers and supplying them to the corresponding sales promotion systems. The problem has not been solved but circumvented i.e. the load has merely been transferred from the lottery system to the management system. It has also been argued that using the management system as claimed to request lottery entries in advance will mean that the prize draw systems can continue to operate in the event of an outage in the official lottery system. However, this does not to my mind, constitute a technical solution to the problem, it has again been circumvented by moving and effectively storing lottery entries in advance of the outage.
- 30 I do not think that any of the various advantages being proposed by Mr Duckworth provide the technical contribution necessary to avoid exclusion. I therefore also consider the contribution to fall within the computer program exclusion.

Conclusion

- 31 What the applicant has done is to create a new computer program, albeit a very clever one, which is capable of administering a promotional prize draw in which entries are linked with official lottery entries for the purpose of increasing the prize fund and attracting more customers. The contribution lies in the functions which the system has been programmed to carry out. In essence, the applicant has created a new business process implemented in software using conventional hardware which does not provide a relevant technical contribution and as such would seem to fall squarely within the business method and computer program exemptions of section 1(2)(c).
- 32 In the light of my findings above, I conclude that the invention as claimed is excluded under section 1(2) because it relates to a business method and a computer program as such. Furthermore, I do not think the proposed amendments filed on 23 July 2013 do anything to shift the contribution or save the invention from exclusion. Having read the specification in its entirety, I do not think that any saving amendment is possible. I therefore refuse the application under section 18(3).

Appeal

- 33 Any appeal must be lodged within 28 days

PETER SLATER

Deputy Director, acting for the Comptroller