

PATENTS ACT 1977

IN THE MATTER OF Application No.
GB 9808661.4 in the name of Pintos
Global Services Ltd

DECISION

Introduction

1. Patent application number GB 9808661.4 entitled, “A system for exchanging information”, was filed on 24 April 1998 in the name of Pintos Global Services Ltd. A search report under section 17 was issued on 2 October 1998, at which time the examiner advised the applicant that the invention was potentially unpatentable since it appeared to relate to nothing more than method of doing business.
2. A first examination report under section 18(3) issued on 11 June 1999, and in it, the examiner reported, among other things, that the claims related to a method for doing business and a program for a computer as such, and that consequently the application was excluded from patentability by section 1(2)(c).
3. The applicant responded to the first examination report by arguing that the invention provided a novel method by which an existing method of business could be embodied in technical means. In particular, the applicant drew a comparison between the present invention and that claimed in *Merrill Lynch’s Application* [1989] RPC 561, relying upon the fact that a patent was granted in the Merrill Lynch case. The applicant also relied upon a decision of the EPO Board of Appeal in *Sohei’s Application* T769/92.
4. The examiner issued a second examination report in which he maintained the original objection that the invention defined in the claims related to a scheme, rule or method for doing business, and/or a program for a computer as such. In addition, he further objected that the claims related to a scheme, rule or method for performing a mental act.
5. In relation to Merrill Lynch, the examiner conceded that a patent was indeed granted in that case, but he pointed out that the claims that were granted were **not** considered by the courts at any time. Moreover, the only claim that was considered by the Court of Appeal was directed to a computer network, and that claim was expressly rejected by the court as a **method** of doing business.
6. Addressing the Sohei decision, the examiner reported that Sohei was regarded as an invention in the sense that it was solving a technical problem. That the invention was claimed in the narrow context of a business application did not, of itself, exclude the invention from patentability. However, the examiner maintained that the invention described and claimed in the present application is directed to a business problem — that is, how to provide quick and easy exchange of information between prospective lenders and borrowers.

7. In a further response, the applicant sought to distinguish the present invention from Merrill Lynch by arguing that it did not actually cause business to take place, but was rather a technical tool that could have a number of uses. It was, suggested the applicant, analogous to the invention of the facsimile machine — it enabled people to do business in new and more efficient ways, but it did not mean that the facsimile machine was excluded from patentability merely because it might be used for doing business.
8. Further correspondence failed to resolve the matter, and the applicant duly requested a hearing. That hearing took place on 16 January 2001. At the hearing, the applicant was represented by Mr Michael Downing of Fry Heath & Spence. The inventor (Mr Martin Levermore) and the examiner also attended.

The Application

9. The application relates to a system for the exchange of information between prospective providers, such as lenders and prospective enquirers, such as borrowers. Companies and other prospective borrowers seeking to raise finance traditionally have to approach prospective lenders through an intermediary. The present invention aims to provide a system which enables much easier, quicker and direct exchange of information between such parties and to help match the requirements of the respective parties.
10. The application contains two independent claims, numbered 1 and 5, which read as follows:
 1. A system for the exchange of information between a first business community consisting of enquirers and a second business community consisting of providers comprising a computer arranged to be accessible on line and programmed to provide:
 - i. a first database containing details of enquirers and their requirements, together with means for displaying interactive forms for introducing requirement data, and means for displaying views of selected data,
 - ii. a second database containing details of providers, together with means for displaying interactive forms for introducing provider data, and means for displaying views of selected data,
wherein
 - (a) said enquirer data is recorded in the form of individual project documents, and each project document is accessible at a plurality of levels, a first level being accessible freely by a registered provider and a second level accessible subject, if desired, to payment or contract to pay, and
 - (b) means enabling a registered second level provider to lock a project document from view by other providers subject, if desired, to receipt of further payment or contract to pay.
 5. A system for the exchange of information between prospective lenders and prospective borrowers comprising a computer arranged to be accessible on line and programmed to provide:

- i. a main database containing details of prospective borrowers and their requirements, together with means for displaying interactive forms for introducing borrower data, and means for displaying views of selected data,
- ii. a lender database containing details of lenders, together with means for displaying interactive forms for introducing lender data, and means for displaying views of selected data,
wherein
 - (a) said borrower data is recorded in the form of individual project documents, and each project document is accessible at a plurality of levels, a first level being accessible freely by a registered lender and a second level accessible subject, if desired, to receipt of payment or contract to pay, and
 - (b) means enabling a registered second level lender to lock a project document from view by other lenders subject, if desired, to receipt of further payment or contract to pay.

(The dependent claims were not expressly considered during the hearing. It was understood that the dependent claims would stand or fall with the independent claims.)

11. During substantive examination of the parent application, the examiner initially raised a number of objections regarding clarity and support in addition to patentability issues under section 1(2)(c). The examiner agreed with the applicant to defer consideration of most of these objections until the fundamental issue regarding the patentability of the invention had been resolved. Ultimately the examiner indicated that the strongest objection in relation to section 1(2) was that the invention was a method of doing business as such. It is this specific issue (ie exclusion as a method of doing business) that was argued before me at the hearing, and which I must now decide.
12. A few days before the hearing, the applicant submitted an amended copy of claim 1 for the purposes of discussion at the hearing. In the amended version, both instances of the word 'business' and all references to contracts and payment were deleted. However, Mr Downing did not refer to this amended claim at any length during the hearing, and it has no bearing on my decision in this matter.

Scheme, rule or method for doing business

13. The examiner has objected that the claims of the present application relate to a scheme, rule or method for doing business as such. This objection is based on section 1(2)(c) of the Act, the essential parts of which read:

1(2) 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) ...

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. This particular section of the Act corresponds to articles 52(2) & (3) of the European Patent Convention. As section 130(7) of the Act confirms, these respective provisions are so framed as to have, as nearly as practicable, the same effect. It is also well established¹ that whilst I am bound by the decisions of courts in the UK, I must have regard to the decisions of the European Boards of Appeal, at least insofar as they relate to these particular articles of the Convention.

15. In the second examination report issued in respect of the application, the examiner reported that a method of doing business is not patentable irrespective of whether or not there is a technical advance. The examiner based his objection on the judgment of Fox LJ in Merrill Lynch's Application (above) in which he states at page 569:

“Now let it be supposed that claim 1 can be regarded as 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 trading 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 me 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).”

16. After the last examination report issued, but before the hearing took place, EPO Technical Board of Appeal 3.5.1 issued its decision in relation to an application by *Pension Benefit Systems Partnership* (T 931/95). The examiner wrote to the applicant several months prior to the hearing, indicating that this particular decision might be considered relevant in this case. The examiner did not highlight any specific passages from the decision in the Pension Benefit Systems case, but Mr Downing did refer to a number of paragraphs in his submissions.

17. Mr Downing submitted that the invention claimed in the present application was distinguished from Merrill Lynch because it was a technical tool, which, although it might be used to facilitate certain forms of business dealings, was not a method of doing business as such. Furthermore, Mr Downing said that the invention was a tool that enabled the applicant to provide a service to others in connection with their businesses. In particular, Mr Downing conceded that the service itself was not new. He said:

¹*Gale's Application* [1991] RPC 305, *Merrell Dow Pharmaceuticals v NH Horton* [1996] RPC 76, *Bristol Myers Squibb v Baker Norton Pharmaceuticals* [1999] RPC 253

“What the invention is seeking to do is to enable people who are using existing known business methods to conduct that method in a more efficient and larger-scale fashion.”

18. Turning to EPO decision T931/95, Mr Downing drew my attention to the second paragraph on page 13 which reads:

“In the Board’s view a computer system suitably programmed for use in a particular field, even if that is the field of business and economy, has the character of a concrete apparatus in the sense of a physical entity, man-made for a utilitarian purpose and is thus an invention within the meaning of Article 52(1) EPC.”

19. As Mr Downing observed, the Board took the view that a programmed computer system that is used for running a business is a physical entity and is capable of being an invention. If the application was to be refused, as indeed it was in T931/95, then it could not be refused as a method of doing business as such. Mr Downing pointed out that there were a number of auxiliary requests in T931/95, and that although the main request (which concerned the actual calculation system itself) was rejected under article 52, the first auxiliary request was not. The computer apparatus of the first auxiliary request was also rejected, but under article 56 on the grounds of obviousness, which as Mr Downing submitted, was not an objection that had been raised against the present application.

The Contribution Approach

20. In Pension Benefit Systems, the Board of Appeal quoted a passage from the Guidelines for examination in the EPO where the application of the contribution approach is explained as follows:

“the examiner should disregard the form or kind of claim and concentrate on its content in order to identify the real contribution which the subject-matter claimed, considered as a whole, adds to the known art. If this contribution is not of a technical character, there is no invention within the meaning of Article 52(1).”

21. In the Board’s view, this so-called contribution approach confused the requirement of ‘invention’ with the requirements of ‘novelty’ and ‘inventive step’, and consequently the Board agreed with the appellant that the contribution approach was not appropriate for deciding whether something is an invention for the purposes of article 52(1) of the EPC.
22. Mr Downing’s problem, as he expressed it, was how to reconcile these two, apparently conflicting authorities — Merrill Lynch and Pension Benefit Systems. He addressed the problem on the basis that the essential difference lay in comparison of the main and auxiliary requests in Pension Benefit Systems. In Mr Downing’s submission, Fox LJ had used the contributions approach in Merrill Lynch, and had identified the contribution as being an automated trading market in which the bids and offers of different parties were matched. According to Mr Downing, this decision

remained consistent with the Board's reasoning in *Pension Benefit Systems* inasmuch as the Board rejected a similar claim (claim 1 of the main request) under article 52 as being unpatentable. But where an invention as claimed is clearly directed to a technical tool, albeit a tool for use in facilitating a method of doing business, the invention should not be excluded by section 1(2). In *Pension Benefit Systems*, the main claim of the auxiliary request was directed to an apparatus for controlling a pension benefit system. For the same reasons as the Board had found this claim to be acceptable in relation to article 52, Mr Downing submitted that I should reach a similar conclusion in relation to the system claimed in this application.

23. *Prima facie* I found this to be a very attractive argument, and had it not been for the actual wording of the claim in *Merrill Lynch's* application, I might have been persuaded by it. However, according to Fox LJ, claim 1 in *Merrill Lynch's* application was directed to "a data processing system for making a trading market", and he concluded that that was "simply a method of doing business". In other words, the fact that the claim was directed to a system did not avoid the terms of the exclusion of section 1(2). Moreover, I note that this is not the only time that a Court in the United Kingdom has looked beyond the formal wording when construing a claim. In *Gale's Application* [1991] RPC, Nicholls LJ says (page 326):

"I approach the substantial issue in this case, therefore, on the footing that it is convenient and right to strip away, as a confusing irrelevance, the fact that the claim is for 'hardware'."

24. More recently, again in the Court of Appeal, Lord Justice Aldous followed the decision of the Court of Appeal in *Merrill Lynch* when dealing with a similar argument in *Fujitsu Limited's Application* [1997] RPC 608. The following passage is quoted from the top of page 618:

"Mr. Birss sought to rely upon the form of the claims. He submitted that claim 10, directed as it was to a computer apparatus having a number of features and claim 9 directed to a method of manufacturing a structure could not be said to relate to an invention consisting of a computer program as such.

That submission cannot be right having regard to the judgment of Nicholls LJ in *Gale*. In that case, I held at first instance that the ROM claimed was not excluded as it was an article which had been altered during manufacture so as to perform the function of the method or program defined by the claim. The Court of Appeal decided that that was not correct and that the court should look at the claims as a matter of substance. It was both convenient and right to strip away, as a confusing irrelevance, the fact that the claim was for 'hardware'."

25. There is therefore a conflict between the recent decision of the EPO Technical Board of Appeal in *Pension Benefit Systems*, which specifically disapproved of the so-called 'contributions' approach, and the long established practice of the United Kingdom Courts, originating from the *Merrill Lynch* judgment, from which it is clear that the decision as to what is patentable depends upon substance not form.
26. Furthermore, the approach suggested by the Board in *Pension Benefit Systems* conflicts with the practice of the Courts in this country in one other, very important

respect. At paragraph 8 of its reasons, and following on from its decision that a claim in the form of apparatus was not excluded by article 52(1), the Board went on to consider whether the invention as claimed satisfied the requirements for novelty and inventive step. They said:

"Indeed, the improvement envisaged by the invention according to the application is an essentially economic one ie. lies in the field of economy, which, therefore, cannot contribute to inventive step." (Emphasis provided)

27. The Board's approach in this respect is summarised at the beginning of its decision in the following words:

"... the subject-matter as claimed, considered as a whole, did not provide any contribution to the art in a field not excluded from patentability under Article 52(2) EPC..."

28. Interestingly, the Board is here adopting an approach that was accepted by the Court of Appeal to be "erroneous" as long ago as 1989 in the *Merrill Lynch* case, and that is that on the determination of the question whether or not an application relates to an excluded matter it is necessary to take into account whether the non-excluded features are already known and obvious. In the event, I am in no doubt but that I am bound to follow the practice laid down by the Courts in the United Kingdom.

29. Taking the best view I can of the matter, it is clear to me that the invention as described and as claimed in this application is a scheme, rule or method for doing business. As claimed, it uses technical means in the form of a suitably programmed computer containing a number of databases, but in view of the teaching of Fox LJ in *Merrill Lynch*, this makes no difference if the end result is a method of doing business. Mr Downing submitted that it represented a much improved method of doing business, and he may indeed be right, but in the words of Fox LJ, "The fact that the method of doing business may be an improvement on previous methods of doing business does not seem to me to be material." Consequently the invention as claimed in this application is excluded by section 1 (2)(c).

The Amended Claims

30. Mr Downing did not address me specifically in relation to the amended claim that was filed shortly before the hearing. What he did say, and I have to agree with him on this, was that the amended claim is probably slightly wider than the claim 1 on file. Nevertheless, I have carefully considered the wording of the amended claim in the light of the submissions made to me at the hearing, but I have come to the conclusion that it is also excluded from patentability for the same reasons as the earlier claims -not least because the scope of the amended claim embraces the earlier claims, so that if the earlier claims fall, then so must the amended claim.

Summary

31. In summary I have decided that the invention as claimed in this application is a scheme, rule or method for doing business. Having read the specification in its entirety , I cannot envisage any amendment to the claims that would be allowed

having regard to section 76, and that would overcome the exclusions to patentability. Accordingly I hereby refuse the application under section 18(3) on the grounds that the invention claimed therein is excluded by section 1(2)(c).

32. I apologise for the delay in issuing this decision.

Appeal

33. This being a substantive matter, any appeal from this decision must be lodged within six weeks of the date of this decision.

Dated this 6th day of April 2001

Graham Rogers
Deputy Director, acting for the Comptroller

THE PATENT OFFICE