

PATENTS ACT 1977

IN THE MATTER OF

an application by Pendawell (2000) Limited

to amend Patent No GB 2 252 270 B

and oppositions thereto

by Orange Personal Communications Services Limited and Page White & Farrer

DECISION

Introduction

- 1 Patent number GB 2 252 270 was filed under the Patents Act 1977 (“the Act”) on 30 January 1991 with no claim to priority, and was granted on 24 May 1995 to Mr Giles Martin Wren-Hilton. It was assigned to Pendawell (2000) Limited (“Pendawell”) on 29 March 2000, and Pendawell filed an application under section 27 of the Act to amend the specification of the patent on 4 April 2000. Following preliminary consideration by the Patent Office, the amendments were advertised in the *Patents and Designs Journal* of 19 July 2000.
- 2 On 18 September 2000 oppositions to the proposed amendments were filed by Orange Personal Communications Services Limited (“Orange”) and by Vodafone Limited (“Vodafone”); and on 19 September a third opposition was filed by Page White & Farrer. These were all accompanied by the respective statements of grounds. On 31 October and 7 December 2000 Pendawell filed counter-statements, in which further amendments were offered unconditionally, and one amendment was offered conditionally on the comptroller finding it allowable. The Patent Office allowed the three opponents to submit amended statements of opposition in the light of the further amendments, but expressed the *prima facie* view that the conditional amendment was not allowable. On 6 March 2001 amended statements were filed by the opponents; Pendawell also withdrew the conditional amendment. Evidence in chief from Pendawell was filed on 1 May 2001, and this sparked an objection from Vodafone that the evidence included without-prejudice material. On 17 September and 26 November 2001 the Office expressed the *prima facie* view that this material was inadmissible, whereupon Pendawell withdrew the disputed material on 10 December 2001. Pendawell’s evidence thus comprises two witness statements, one from Mr Wren-Hilton (the patent applicant and first proprietor) and one from Gordon David Harris (of Wragge & Co, who acted for Mr Wren-Hilton). None of the opponents filed any evidence.
- 3 In a fax dated 13 March 2002 Vodafone withdrew its opposition, explaining that it had agreed a settlement with Pendawell that left no outstanding issues as to costs. The remaining two oppositions duly came before me at hearing, at which Mr Iain Purvis, instructed by Wragge & Co, appeared as Counsel for Pendawell, Mr Guy Burkill, instructed by R G C Jenkins & Co, appeared as Counsel for Orange, and Mr Douglas Campbell appeared as Counsel for, and was instructed by, Page White & Farrer. All three counsel submitted separate skeleton arguments in advance of the hearing.

The granted patent

- 4 In general terms patent no GB 2 252 270 as granted relates to services which can be provided to a user, subject to an authorisation check made by a computer. To avoid human intervention the user accesses the computer and supplies it with two data items, which may be numbers: the authorisation check then requires that the two numbers are already linked in the computer, by some verifiable relationship. The user is provided with the two access numbers on a single carrier, particularly a card. While this is convenient it also presents a security risk before the card is safely in the hands of the user: how will that user have any assurance that the numbers on the card have not already been used by an unauthorised person, thereby diminishing the value of the card? The invention solves this problem by designing the card so that one number is concealed and can only be made readable by some irreversible process that will indicate tampering: for example the number can be covered with a coating that has to be scratched off.
- 5 Another aspect of the invention concerns the functions of the central computer, which are described as enabling, setting value, verification and authorisation. The computer has store fields corresponding to the card numbers read to it by the user. *Enabling* occurs on first use of the card: in the store field for one of the numbers a flag is set to indicate that the card has started to be used. *Setting value* also occurs on first use, whereby in this store field is set the value of the facilities to be provided for that card. *Verification* is of the relationship between the two numbers on the card: for example, the store field of the first number can link to the store field identifying the correct second number. *Authorisation* follows verification and initiates the provision of the facilities, and the re-setting of the stored value.
- 6 Several examples of use are described for such a card-based delivery system: to pay for (and make) telephone calls (this is described in some detail over almost two pages); to pay for pay-per-view television programmes; and to pay for telephone-based services. The specification also makes general reference to known credit cards (which have a single number on them) and to lottery cards (which can have two numbers on them). The implication of the latter is that the card of the invention could be a lottery card.
- 7 The main claims of the granted patent read:

“1. A card or like information store having two items of information, one initially readable, the other initially unreadable, the store being provided with means operable by the user in an irreversible manner to render said other item readable, the two items being related to each other in a verifiable way that requires machine-stored information not in said store.”

“18. A system comprising a store as claimed in any one of claims 1 to 17 and a computer adapted to verify the mutual relationship between the two items of information, and in consequence of such verification to issue an authorisation signal.”

“27. A computer adapted to operate with a store as claimed in any one of claims 1 to 17, which computer is adapted to verify a predetermined mutual relationship between the two items of information of said store, and in consequence of such verification to issue an authorisation signal, and has a store field available to it corresponding to one of said two items and is adapted to be responsive to receiving

initially at least this item of information or information derived therefrom to enable the computer in respect of this store field.”

The proposed amendments

- 8 The claims are extensively revised in the proposed amendments, but the major thrust is conveyed by the independent claims, now two in number:

“1. A system comprising a prepayment card or like information store having a prepayment value associated therewith for use in making available various facilities to a user and a computer for use with the store in enabling provision of said facilities up to the amount of the prepayment value,

the store comprising two items of information, one initially readable, the other initially unreadable, and being provided with means operable by a user in an irreversible manner to render said other item readable, the two items being related to each other in a verifiable way that requires machine-stored information not in said store,

the computer being adapted to verify the mutual relationship between the two items using said machine stored information and, in consequence of such verification, to issue an authorisation signal, and

the computer having a store field available to it corresponding to one of the two items of information, being adapted to be responsive to receiving initially at least this item of information or information derived therefrom to enable the computer in respect of the store field, and being adapted to change a stored value representing the prepayment value provided in the store field in correspondence to the provision of said facilities.”

“25. A prepayment card or like information store having a prepayment value associated therewith, for use in making available to a user various facilities up to the amount of the prepayment value from a computer,

the store comprising two items of information, one initially readable, the other initially unreadable, the store being provided with means operable by the user in an irreversible manner to render said initially unreadable item readable, the two items being related to each other in a verifiable way that requires machine-stored information not in said store.”

- 9 The proposed claim structure elevates the system to the primary aspect, claimed in claim 1, and correspondingly the title and introduction of the specification as proposed to be amended are directed in the first place to “prepayment systems” instead of “cards and like information systems”. There are numerous other consequential changes to the body of the specification. The card of the invention, as now claimed in claim 25, is significantly limited by the qualifying word “prepayment” and the explanatory phrase “having a prepayment value associated therewith, for use in making available to a user various facilities up to the amount of the prepayment value from a computer”. In other respects amended claim 25 reproduces granted claim 1.

- 10 The system of the invention, as now claimed in claim 1, comprises the card of amended claim 25 in combination with a computer, integers of which are drawn from granted claim 18 (the verification step) and granted claim 27 (the enabling step), with added explanation

concerning the prepayment function to the effect that the computer enables provision of facilities up to the amount of the prepayment value, and alters a stored value representing the prepayment value as it so provides.

Background to the amendment request

- 11 The background to the request is set out in the letter of 4 April 2000 which accompanied it, and in the witness statements from Mr Wren-Hilton and Mr Harris. On or about 29 June 1999 a number of “potential infringers” were sent a letter, bringing the existence of the patent to their attention. Some of these replied expressing the belief that the patent was invalid, although no prior art was specified. Mr Wren-Hilton commissioned prior art searches which produced 26 new documents, including US4191376 (Goldman) which was brought to his attention in August 1999. This same specification was also referred to shortly after in a letter from Vodafone dated 1 September 1999. The amendment was thus sought to distinguish the invention from the revealed prior art, and specifically from US 4 191 376. I note here that two further specifications from those found in the commissioned searches were also alleged to be of some significance by Orange: these were EP 0 181 678 (International Totalizator Systems) and US 4 706 275 (Kamil). The latter was not in the event relied on at the hearing.

Grounds of the oppositions

- 12 The grounds that are advanced in both the outstanding oppositions can be grouped into three categories:
- A the amendments introduce ambiguity; and would leave the patent still invalid
 - B the amendments do not meet the requirements of section 76
 - C favourable exercise of the Comptroller’s discretion to allow the amendments ought to be refused.

That said, a number of fundamental points put by Counsel for the opponents were deployed under several of these heads, and I shall deal with them under whichever heads seem appropriate.

- 13 I shall consider the grounds A to C in that order. In so doing I shall, in respect of the opponents’ submissions, primarily consider those made by Mr Burkill, if only because he spoke before Mr Campbell and there appeared to be quite a degree of commonality between the arguments they intended to advance. I have, however, also given full consideration to Mr Campbell’s submissions and have drawn attention below to any arguments that Mr Campbell alone advanced. I should make clear that, in the public interest, I have also taken into consideration the grounds for opposition put forward by Vodafone, notwithstanding that they withdrew opposition before the hearing, to see whether their grounds raised any new point not covered by the other two opponents. I have concluded that that was not the case.

Ground A: the amendments introduce ambiguity; and would leave the patent still invalid

- 14 Here my enquiry falls into three parts: (i) how is construction (in the sense of interpretation) of the specification affected by the amendments and do they introduce ambiguity? (ii) do the amendments as construed cure the identified defect? (iii) do the proposed amendments themselves introduce fresh defects?
- 15 The preliminary points on clarity and construction, as raised by Mr Burkill, focused on two aspects:
- C the meaning of the term “prepayment”
 - C whether both items of information need be supplied to the computer for verification.

In considering these issues of construction, I accept that I must do so as through the eyes of the notional skilled addressee.

- 16 On the first point, the meaning of and significance to be attached to the word “prepayment” in this context is clearly very important: it is the foundation for the distinction intended to be made over the prior art, and the way it has been deployed in the amended specification has attracted allegations of added matter. A great deal turns on what the term meant in the unamended specification and what it signifies in the amended one. For convenience to mirror the way in which the issue was presented to me by Counsel, I shall deal with the point as far as it goes to ambiguity and patentability under this head A, and return to it as regards added matter under head B.
- 17 As I pointed out at the hearing, I have not had the benefit of expert evidence as to how the notional skilled man, the addressee of the patent specification, would interpret the term “prepayment”. Mr Purvis intimated that this is not a term with a specific technical meaning and it therefore had to be given its common English meaning, with any assistance that the specification itself could provide. That is clearly the right, and indeed the only, course open to me.
- 18 Mr Burkill said that the specification gave the term “prepayment” a wide scope; it was not defined as such, and according to one option, mentioned at lines 4 to 6 of page 19 of the specification, the card could even be given away as a promotional item. This indicated that there was not necessarily a relationship between the value of the facilities to which the card gave availability and the purchase price the user paid (if anything) for the card. Based on this uncertainty he argued that lottery tickets, credit cards and debit cards fell within the ambit of a “prepayment card”. Purchase of a lottery ticket in advance for example provided services or facilities, such as being able to participate in the lottery, and having the opportunity to win a prize. Credit and debit cards allowed users to obtain goods and services.
- 19 Mr Purvis replied that the word “prepayment” should not be taken out of context but should be read with the other related wording that has been inserted into the claims, and also in the light of the rest of the specification, especially the examples of use given in the body of the specification. Hence he emphasised that the card had to have a prepayment value associated with it, and was for use in making certain facilities available to the user, up to that value. It seems to me that the force of this argument is considerably diluted by

the passage I have noted on page 19 of the specification which envisages cards being given away for no purchase price. Mr Burkill made that point strongly at the hearing and I recognise it. However, I still accept that an article, in this case a card (or like information store), can have an intrinsic value which is independent of the price, if any, that may be paid for it. I therefore agree with Mr Purvis that, taken as a whole, the wording relating to the prepayment function that has been used in amended claims 1 and 25 conveys a clear idea, and one that is consistent with the specific examples given in the specification. The idea of a card (or like information store) that has a value that can be spent in obtaining facilities, goods or services, subsequent to acquisition of the card, thereby avoiding the need for payment as each item is purchased, is not difficult to grasp from the language of the specification. The idea is encapsulated in the term “prepayment card”, but it is also elucidated in the wording that follows it in amended claims 1 and 25.

- 20 It is important to know whether “prepayment card” as so understood can embrace a lottery ticket, as alleged by Mr Burkill. He questioned what meaning one should give to the term “prepayment value”; in a case where the customer did not pay anything, it cannot be related to the price of the card because the card could have a value independently from what, if anything, the customer paid. This was of significance, he argued, in the case of lottery cards, which could be given away, but the winning ones would have a value which is greater than zero if they won. Mr Purvis’s position was that lottery tickets do not have a prepayment value associated with them; they do not allow chargeable goods or services to be obtained later. I tend to agree with that. A lottery ticket does not in my view have a prepayment value for use in making facilities available up to the amount of the prepayment value. A lottery ticket, it seems to me, has a face or purchase value; but what it is finally worth to a purchaser or other recipient is independent of that - it may be worth a fortune or nothing or something in between, but in no case is its value predictable. The opportunity of winning a lottery prize is purchased with the ticket itself but there is no element of prepayment with a defined value. As a matter of language therefore I do not regard a lottery ticket as a prepayment card in the sense of the present specification, and I find the language of this amendment creates no ambiguity.
- 21 Mr Campbell took me to page 15 of the specification, where at lines 10 and 13 there is a passage that reads “... predetermined value (e.g. a decrease towards zero) in correspondence to the facilities provided, usually corresponding to the purchase price of the card being used up.” Notably, this says “predetermined” not “prepayment” value. However, in the context of the whole specification I do not believe there is any significant ambiguity here. He also contrasted the page 15 usage with the reference to “... a special pre-determined value ...” at line 2 of page 20, but I read that as being in quite a different sense and again see no ambiguity in the specification as it is proposed to be amended.
- 22 Mr Burkill also took a point that Pendawell showed some indecisiveness as to whether a credit card was thought to be an example of a prepayment card. Mr Purvis explained that the statement of 4 April 2000 which accompanied the initial application was simply in error in mentioning credit cards as examples of prepayment cards. Credit cards did not satisfy the requirements of the amended claim, and the error was not repeated. I accept Mr Purvis’s explanation here and I cannot agree with Mr Burkill’s allegation that the fact an error was made was indicative that the amendment leaves the claims ambiguous and of uncertain scope. I therefore decline to draw any conclusions from the making of that error.

- 23 That is not the whole story as regards “prepayment” in regard to the issue of ambiguity because there is a claim directed to the prepayment card, and I need to consider how that claim falls to be construed. It is clear that amended claim 25 is directed to a physical entity, a card or like information store, yet includes within it certain non-physical elements: hence the card has a “prepayment value associated therewith”, and it is “for use in making available to a user various facilities up to the amount of the prepayment value from a computer”. What is the significance of these non-physical elements for the scope of the claim?
- 24 Counsel took me to the established case law in this area in the shape of *Adhesive Dry Mounting Co Ltd v Trapp & Co* (1910) 27 RPC 341 and *Furr v Truline* [1985] FSR 533, which teach how to regard the small but vital word “for” when used in phrases such as the one just quoted: “for use in...”. In such usage “for” is taken to mean “suitable for use” and the claim is construed as relating to the physical entity *per se*, with whatever physical qualities might be implicit in the qualification “suitable for use in...”. Clearly in some cases it might be a matter of enquiry and test whether any specific article had those qualities and would thus infringe or anticipate the claim; but in others a clear conclusion can readily be drawn.
- 25 These points were explored by Mr Burkill, who was of the view that the non-physical elements relating to the intended use contributed nothing to the card claim and had to be ignored. He considered two physically identical cards, both bearing the requisite two numbers, one card being a lottery ticket, the other a phonecard. He said that it was ludicrous to suggest that infringement might depend on the nature of the business carried on by the owner of the computer which verifies the number relationship, because the computer is no part of the claim. Infringement of a product claim could not turn on the way the product was intended to be used, on the above authorities.
- 26 Mr Purvis underlined the fact that the card of claim 25 was not simply a piece of card, the card had to have a prepayment value, as well as be suitable for use with the computer mentioned. A lottery ticket was not suitable for this and could not be so used. As he put it, if you were presented with a lottery ticket before the priority date, how could you have used it for making available facilities up to the amount of a prepayment value - you could not.
- 27 My own comment on Mr Burkill’s attempt to cut out the prepayment and use aspects from the scope of claim 25 is that he is ignoring certain realities. A piece of plastic the size of a credit card, bearing numbers, can have an identity determined by the purpose for which the card is marketed or distributed: library ticket, driving licence, admission ticket and so on. If the card is claimed in a patent, then in appropriate circumstances the identity can justifiably be reflected simply in the name of the article, and the name may itself impose a distinction. Hence a lottery ticket is not a prepayment card, and that is true not only as a matter of semantics but also in the real world where such articles are developed, marketed and used. I therefore conclude that the general scope of amended claim 25 must be: a prepayment card or like information store, having a prepayment value associated therewith, and being suitable for use in making available to a user various facilities up to the amount of the prepayment value from a computer.
- 28 Mr Burkill’s other point on clarity and construction has to do with the number of

information items (especially numbers) that had to be supplied to the computer. He suggests there is an absence of any express reference in the specification to what the authorisation signal actually does, and he points to apparently conflicting statements: in the initial statement accompanying the application to amend; in deletions which have been made on page 7 of the specification; and in the phrasing of amended claim 1, where it says that the computer has a store field corresponding to one of the numbers, and is adapted to be responsive to receiving initially at least this number to enable the computer in respect of the store field.

- 29 Has the specification been rendered ambiguous in this respect by any of this? Mr Purvis emphasised that a clear distinction had to be maintained between the different operations performed by the computer. *Verification* had to do with the mutual relationship between the two numbers, and self-evidently that must require the computer to be furnished with both numbers. *Enabling* was only done initially (ie when the card was first used) and really is just setting a flag in a store field to indicate that the card has started to be used: this operation can be done on receipt of one (either) number. The specification was and is clear on this point.
- 30 I agree with Mr Purvis. The specification requires careful reading to keep in mind which function of the computer is being discussed at any one time, but I see no contradiction or ambiguity. I come back to the point that verification of the number relationship must self-evidently require both numbers to be supplied to the computer, and that seems to determine the question. I do not see in the way it is proposed to amend the specification any muddying of the waters on this point.
- 31 At the hearing I raised with Mr Purvis the meaning of the amended phrase “a prepayment card or like information store”. I asked him whether the “like information store” was an alternative to just the card, or an alternative to “prepayment card”. In the latter case the information store would not necessarily be qualified by the term “prepayment” and would thus be of wide scope. Mr Purvis assured me that the former meaning was intended and was indeed required from wording used elsewhere. On reflection I am prepared to accept that there is no risk of ambiguity as to whether “prepayment” would qualify “like information store”, because any residual doubt is resolved (i) by the following wording in the claims, which requires a prepayment value and refers to provision of facilities by computer up to that value; and (ii) by the uniform limitation throughout the specification to prepayment card/store.
- 32 Having now decided what the amended claims mean I turn to consider whether the amendments cure the identified defect. That defect arose out of the discovery of US4191376 (Goldman). This describes and claims an instant lottery ticket having a readable serial number and an initially unreadable lottery number having a relationship verifiable by a computer. The lottery number is revealed by an irreversible process. A process of validation takes place when a winning ticket is presented (column 10, lines 44-63). The validation program starts from the serial number (column 21, lines 17 et ff). Also, a flag is set against that serial number to indicate that a prize has been paid (column 10, lines 68 et ff).
- 33 It seems clear that this specification impugns the novelty of at least the three main claims of the granted specification GB 2 252 270. The amendments seek to cure that defect by

limiting the claims, *inter alia* by including the “prepayment” aspect in the new independent claims 1 and 25. The question now is whether those claims are distinguished as regards novelty and inventive step over US 4 191 376.

- 34 I have concluded above in the context of construction that a lottery ticket is not a “prepayment card” in the sense of claims 1 and 25, and that it is not appropriate to speak of a prepayment value in the context of a lottery operation. It follows directly that amended claims 1 and 25 are not anticipated by US 4 191 376 by virtue of the prepayment limitation. Having reached that conclusion, I do not need to rely on Mr Purvis’s other points concerning the interaction between the computer and the card in the system as claimed in claim 1 of the patent in suit or the suitability of the card of claim 25 for such interaction. However, I believe they sustain the conclusion that US 4 191 376 is not an anticipation.
- 35 I continue with the assessment of novelty by looking at the other patent relied on by Orange: EP 0 181 678 (International Totalizator Systems). The invention here is a system whose essential component is a ticket with two numbers, one of which is printed at point of sale through an opaque overlay that conceals the number until revealed by the purchaser. The only context particularised is a lottery game. A validation routine is described (Figure 6) that includes preventing double payout. Again, there is no disclosure of a prepayment system as claimed in amended claims 1, or of a card suitable for use in such a system as claimed in claim 25, and therefore there is in my view no anticipation.
- 36 I turn now to the question whether amended claims 1 and 25 can be considered inventive in the light of the two prior art specifications, and consider first some general points that were raised. Mr Purvis argued on two counts that it was not open to the opponents to argue obviousness against this application to amend. His first line of contention was based on the premise that it was impermissible to open the application into a general opportunity to review the validity of the patent. I do not think his reasoning was correct here. While it is certainly the case that an opposition to an application to amend must not be turned into a “roving enquiry” - *Great Lakes Carbon Corp’s Patent* [1971] RPC 117 - where as here the prior art in question was found by the proprietor and is the reason for the amendment, I have no doubt that the proprietor’s amendment must distinguish the invention from that art in respect of both novelty and inventive step.
- 37 Mr Purvis’s second argument was that an allegation of obviousness could not be sustained without expert testimony or other evidence to support the allegation. I accept that it is possible that I may be impeded in determining the inventive step issue because I have no expert evidence to assist me in deciding how the skilled person would approach this issue. As Mr Purvis stated, the primary evidence has to be that of the skilled man at the priority date - *Molnlycke v Procter & Gamble* [1994] RPC 49 , at 113. Mr Purvis laid this lack of evidence at Orange’s door, since the evidence was necessary to support its “allegation”; Mr Burkill however laid it at Pendawell’s door, since it was trying to rescue an obvious combination, as in the case of *Sulzer T170/87* [1990] EPOR 14, so that obviousness was already on the table, if I can put it like that. He did admit that if Pendawell was trying to avoid accidental anticipation then the onus would be on the opponents to demonstrate obviousness, and hence to put in any expert evidence required to do so. I have to say that I find neither side’s argument especially appealing. The onus is on the proprietor to demonstrate that the proposed amendments, among other things, differentiate the claimed

invention from the prior art it has cited in respect of both novelty and obviousness. Having made a *prima facie* case on those points, the onus transfers to the opponents to show that the amendments in fact do not cure the defect and, for present purposes, the amended claims are obvious. I do not believe one can say that the onus to provide expert evidence to assist in the consideration of obviousness lies wholly on one side or the other. But whatever the reasons for the lack of expert evidence, I believe I should attempt to grapple with the question of obviousness, even if that lack of evidence ultimately constrains my conclusion.

- 38 Mr Burkill argued at the hearing for lack of inventive step on the basis that all three disclosures, that is of the patent in suit and the two pieces of prior art, embodied the same inventive concept, which might be summarised as a security technique employing two numbers, one revealed irreversibly, and having a relationship verifiable by a computer. The distinction now relied on by Pendawell was in the ultimate use of the card, which was immaterial to the inventive concept. Mr Burkill invoked the decision of the Board of Appeal of the European Patent Office in *Sulzer* to argue that an obvious teaching cannot be made inventive by means of a disclaimer. I am afraid I do not find that decision helpful because it was concerned with quite a different scenario - a fairly hopeless case of lack of inventive step which was attempted to be solved by a disclaiming type of amendment, by adding to the claim a feature absent from the prior art, even though that feature had never been alluded to in the application. Here we have neither a hopeless lack of inventive step *a priori*, nor is the “prepayment” amendment a disclaiming type of amendment: it does not subtract from the scope of the claims what is in the prior art, it rather contracts the boundary in the manner of a true limitation.
- 39 I think it is more helpful to formulate the obviousness issue as it now faces me in the following terms: would a person concerned with the development and promotion of prepayment cards used with systems requiring computer verification for each transaction, and concerned to solve the security problem of preventing undetectable use prior to acquisition of the card by the user, see in the prior art a solution to the problem? Clearly much turns on the fact that we are here dealing with activity in two different areas of commerce: on the one hand in the prior art participating in a lottery with a lottery ticket, on the other hand in the patent in suit purchasing using a prepayment card. It seems to me I need to consider what is the likelihood of someone working in the latter area looking for a solution to the present problem in the former area, which in turn depends on whether these are neighbouring or remote technical areas. I have to say that on the evidence before me any connection I could make between the two areas would be fanciful. I am unable to conclude without evidence that there would be, or could be, that cross-fertilisation that would be a prime factor in demonstrating lack of inventive step. I therefore find the obviousness objection not made out.
- 40 I can now therefore conclude that the proposed amendments cure the validity issues raised by the two prior art documents. I confirm that I also believe that there are no fresh defects introduced by the amendments.

Ground B: the amendments do not meet the requirements of section 76

- 41 The requirements of section 76(3) are:

“No amendment of the specification of a patent shall be allowed under section 27(1), 73 or 75 if it-

- (a) results in the specification disclosing additional matter, or
- (b) extends the protection conferred by the patent.”

42 Mr Burkill listed three matters as offending against section 76. The first related to his suggestion that the amended patent might be construed as allowing only one item of information to be supplied to the computer for verification. I have dealt with this matter earlier under head A and concluded that the amended patent does not support that construction; there is therefore no corresponding issue under section 76. His second, more substantial, point relates to the prepayment limitation, and the explanation of the prepayment function, that now appears in amended claims 1 and 25, and this seems to me to demand careful consideration. Of course I have already considered the terms “prepayment card” and “prepayment value” from the point of view of ambiguity and patentability of the amended specification, but now I need to return to them from the different perspective of whether their use in the amended specification offends against section 76. Mr Burkill referred to *Bonzel v Intervention (No. 3)* [1991] RPC 553 to remind me of the important principle that inserted matter has to be clearly and unambiguously disclosed in the granted specification. He said that the specification as granted did not offer any proper basis, definition or description of “prepayment”. Pendawell had admitted that the amendments to claims 1 and 25 constituted description of the term prepayment, and that was an admission of added matter.

43 I need to consider what the granted specification said about “prepayment”. Mr Purvis’s opening submission at the hearing was that the whole context in which the invention was described was that of prepayment cards. In particular, in the body of the granted specification, after a description of the embodiment shown in the drawings, and before illustrative examples of possible uses of the invention are set out, there is a paragraph (page 16, lines 2 to 15) summarising advantages offered by the invention. The cards are said to be cheap to manufacture, with reasonable security, and then comes the sentence: “There is also enabled or provided a new way of obtaining goods and/or services through the purchase of a pre-payment card.” This is the *only* specific reference to “prepayment” in the granted specification, and its occurrence has been increased considerably in the amended document. But repetition of the word is not itself contrary to section 76, provided that repetition does not add matter or extend the scope of protection. Looking at the original reference to “prepayment” in the granted specification, it is clearly said about the invention generally, not some limited aspect of it. And the description then goes on to set out the three primary applications for the invention, which are where the card is used to pay for telephone calls; for pay-per-view television events; and for telephone-based services. It is clear that these are all scenarios where the card is used as a prepayment device. I conclude that in principle it is a permissible route of limitation in this case to specify the field of application of the invention as being prepayment for facilities: this is not generalisation, it is description, and it was there in the granted specification. There is no new invention claimed as a result of this limitation.

44 I should however also examine the description of prepayment that now appears in claims 1 and 25 to see whether this formulation contains new material. The first point is that the card is said to have a “prepayment value” associated with it. This is not wording that appeared before; but there is no new information implied in it because it expresses

something inherent in the prepayment procedures that were described in the granted patent, ie that possession of the card in question brought with it the value needed to obtain goods, services or other facilities. Next, there is the phrase, “for use in making available to a user various facilities up to the amount of the prepayment value from a computer”. Once again, this is new wording but not new information, because it describes the prepayment process that had been the theme of the granted patent. I also cannot see that there is any element of generalisation in that wording that would extend the scope of protection in a new direction or constitute a new inventive concept. I therefore see nothing objectionable in the wording in claims 1 and 25 descriptive of prepayment.

45 Mr Burkill’s last point on added matter was what he called the “pick and mix” approach, by which he meant that the claim structure had been altered, from card (claim 1) *plus* system (claim 18) *plus* computer (claim 27), to system (claim 1) *plus* card (claim 25); and moreover that amended claim 1 drew on features from original claims 1, 18 and 27, and amended claim 25 is not a pure apparatus claim but involves procedure also. The essence of this point seems to be that a new combination of features has been claimed, but Mr Burkill did also say that other difficulties of clarity and intermediate generalisation had been introduced as a consequence.

46 I have considered proposed claims 1 and 25 very carefully from this point of view, but am unable to light on anything in the way of a new combination of integers that excites unease on section 76 grounds. I can admit the potential possibility that by selection alone one might arrive at a different inventive concept; that is a real danger to be alert to, but I am not persuaded that has happened here. The system and the card respectively have now been claimed with new limitations and qualifications, but there is no new teaching deriving from a new combination. I therefore conclude that the proposed amendments do not raise any difficulties under section 76.

47 Mr Campbell ran an argument - also taken up by Mr Burkill - to the effect that Pendawell were attempting to avoid the prior art by a “bootstraps” procedure. This appeared to be that the proprietor had brought in a new limitation (which offended against section 76), and then relied on that and that alone as their principal distinction over the prior art. In view of my conclusion that section 76 is not contravened I can see no force in that argument.

Ground C: favourable exercise of the Comptroller’s discretion to allow the amendments ought to be refused

48 It is well established that the comptroller (and the court) may legitimately refuse to allow amendment of a patent if the conduct of the proprietor falls below the standard of “utmost good faith”. The legal basis is that the wording of section 27 is permissive rather than compelling vis-à-vis the comptroller. The appropriateness of exercising discretion in relation to the proprietor’s conduct has been discussed in case law over a long period of time, and was affirmed by the Court of Appeal in *Kimberly-Clark Worldwide Inc v Procter & Gamble Ltd* [2000] RPC 422.

49 Mr Purvis emphasised that the proprietor’s position was that it had not been aware of US

4 191 376 at the time the patent was granted, and when it saw US 4 191 376 it decided to amend the patent specification. There was no covetousness involved. He took me to *ICI (Whyte's) Patent* [1978] RPC 11 in support of the reasonableness of the proprietor's position. He also pointed out that no requests for disclosure or cross-examination had been made by the opponents, which they could easily have done had they wished to substantiate a challenge on discretionary grounds.

- 50 The first point raised at the hearing by the opponents was that the proprietor had not been candid in giving the reasons for amendment. According to Mr Burkill the only stated reason concerned US 4 191 376, yet the specification had been completely re-written, many changes having nothing to do with that patent and being unexplained. Mr Burkill specified in his skeleton argument at paragraphs 64 to 66 three amendments that made him suspicious of a hidden agenda. I have considered each of these amendments and find Mr Burkill's concerns unconvincing. These amendments do not require any independent justification, being clearly related it seems to me to the primary objective of distinguishing the invention from US 4 191 376 or consequential to it.
- 51 Mr Campbell took a similar point, for example in relation to claim 37 as amended. He argued that some of the proposed amendments were unnecessary for the purported reason for the amendment request and should be refused. Mr Purvis responded in effect that these were small tidying amendments. I agree with him, and see no reason to refuse them as a matter of discretion.
- 52 Mr Campbell's other main argument on lack of full disclosure ran somewhat differently and took me into the events leading up to the application to amend. He was concerned that the whole story had not been told, either in the two witness statements filed or in the pleadings. As an example, did Mr Wren-Hilton think that the patent was always too broad? Mr Campbell then made a diversion into speculating about privileged material that might have been disclosed but was not, invoking the Court of Appeal judgment in *Oxford Gene Technology Ltd v Affymetrix Inc (No. 2)* [2001] RPC 18. I found this a curious line of argument because the judgment there very clearly buttresses the proprietor's right to assert whatever privilege may exist. It avoids placing any pressure on the proprietor to waive privilege and disclose privileged material, by precluding the drawing of any adverse inference from non-disclosure of such material. In the circumstances I decline to draw any inferences from the fact that there has here been no such waiver of privilege. Indeed Mr Campbell's arguments on this disclosure point are speculative and lacking in substance: he does not apparently have firm grounds for believing that something significant remains undisclosed, but wants to know everything irrespective of whether it is relevant to the amendment of the patent. Mr Campbell has not demonstrated a hole in Pendawell's disclosure, far less found its location and size.
- 53 Mr Burkill and Mr Campbell had a second line of attack on discretion that involved the issues of ambiguity and added subject-matter that have already been considered above in themselves. Since I have concluded that the amendments do not introduce ambiguity or new matter I do not need to consider the exercise of discretion in that connection. My overall conclusion on discretion is therefore that nothing in the conduct of the proprietor has been drawn to my attention which would warrant refusing to exercise the discretion allowed by section 27.

Conclusions

54 Having carefully considered the proposed amendments and the submissions made by all the parties, I have found that the amendments are allowable, and I order that the patent specification in suit shall be amended in the manner requested.

Costs

55 There was some discussion at the hearing of the basis for awarding costs in opposed amendment actions under section 27, which might recognise factors such as that:

C the proprietor was seeking indulgence to maintain the validity of his patent

C the opponent was serving a public interest and assisting the comptroller in testing the amendments

C in this case, as Mr Purvis acknowledged, the proprietor had made changes to the amendments prior to hearing, in the light of the opponents' first comments, which indicated the value of the opposition.

56 It is important to remember that the comptroller proceeds on a different basis as to costs from the High Court; costs in proceedings before the comptroller are usually contributory and based on a published scale. Paragraph 9.54 of *Terrell on the Law of Patents* (fifteenth edition), to which Mr Burkill referred me, needs to be read in that light, but does in any case say that practice on costs in proceedings under section 75 before the Court has become more variable. I note the general factors set out above which point to my making an award of costs in favour of the opponents, especially as their interventions did result in alteration of the amendments proposed by the proprietor, even though their oppositions did not finally succeed.

57 Reflecting this thinking, I order that Pendawell should pay the sum of £500 to each of Orange and Page White & Farrer as contributions to their costs. These sums should be paid within seven days after the expiry of the period for appeal against this decision; if an appeal is lodged, payment is suspended pending the outcome of the appeal.

Appeal

58 As this is a decision other than on a matter of procedure, any appeal shall be filed within six weeks from the date of this decision.

Dated this 7th day of February 2003

S N DENNEHEY
Divisional Director, acting for the comptroller

THE PATENT OFFICE