

Claim 1: A method for facilitating online payment transactions between participants in a network-based transaction facility, the method comprising: communicating user interface information from the transaction facility to a client computer of a first participant via a communications network, the user interface information identifying a plurality of payment instruments available for processing online payment transactions, and enabling the first participant to select at least one of the plurality of payment instruments that the first participant is willing to accept when receiving a payment from a second participant; receiving payment option information from the first participant at an online payment service via the communications network, the payment option information indicating the selection made by the first participant; communicating the payment option information from the online payment service to a client computer of the second participant via the communications network and enabling the second participant to select a payment instrument from the at least one payment instrument selected by the first participant; receiving personal billing information concerning the payment instrument selected by the second participant from the second participant at the online payment service via the communications network, the personal billing information being received to facilitate an online payment transaction between the first participant and the second participant.

Claim 13: A system for facilitating online payment transactions between participants in a network-based transaction facility, the system comprising: the network-based transaction facility to implement a transaction system that facilitates a business transaction between a participant and a further participant; a client, coupled to the network-based transaction facility to receive from the transaction facility via the communications network user interface information identifying a plurality of payment instruments available for processing online payment transactions pertaining to corresponding business transactions; to present the user interface information to the participant; to enable the participant to select at least one of the plurality of payment instruments that the participant is willing to accept when receiving a payment from the further participant; and to communicate payment option information of the participant over a communications network, the payment option information indicating the selection made by the participant; and an online payment service coupled to the network based transaction facility and the client via the communications network to receive the payment option information from the client via the communications network; to make the payment option information available to the further participant via the communications network to enable the further participant to select a preferred payment instrument from the at least one payment instruments; and to accept personal billing information concerning the preferred payment instrument from the further participant via the communications network.

- 5 In addition to these two independent claims relating to the method and a computer based system for implementing the method, there is also a claim (claim 25) to a computer readable medium comprising instructions which when executed on a processor cause the processor to perform the method set out in the previous claims.

Objections raised by the examiner

- 6 A first report under section 18(3) was issued on 10 March 2004 and included an objection that the application was excluded from patentability under section 1(2)(c) as a method of doing business and/or a computer program. In that report the examiner also asked for copies of some non-patent prior art cited in the international search report. He also raised a minor clarity objection. The applicant's agent responded in a letter dated 8 April 2004 with an amended set of claims addressing the clarity objection. He also included copies of the additional prior art referred to in the international search report.
- 7 A second report under section 18(3) was issued on 24 May 2004 maintaining the patentability objection and also raising an obviousness objection based on the supplied prior art. The agent responded on 30 July 2004 with a third set of claims that included some minor amendments by way of clarification and arguments contesting the patentability and obviousness objections.
- 8 A third report under section 18(3) was issued on 18 August 2004 in which the patentability objection was maintained but the obviousness objection was dropped. In this report the examiner noted that further correspondence was unlikely to resolve the issue of patentability and that the applicant might wish the case to be heard by a senior officer. The agents duly requested a hearing.
- 9 The matter subsequently came before me at a hearing on 15 September 2004 at which the applicant was represented by Mr. Jonathan Palmer and Mr. Geoffrey Dallimore of Boulton Wade Tennant. Mr. Kalim Yasseen attended for the Patent Office.

The Law

- 10 The examiner has maintained that the application is excluded from patentability under Sections 1(2)(c) of the Act, as relating to a method for doing business and a program for a computer for such. The relevant parts of this section 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.

- 11 These provisions are designated in section 130(7) as being so framed as to have, as nearly as practicable, the same effect as Article 52 of the European Patent Convention (EPC), to

which they correspond. I must therefore also have regard to the decisions of the Boards of Appeal of the European Patent Office (EPO) that have been issued under this Article in deciding whether the present invention is patentable.

Interpretation

- 12 The principles to be applied when considering whether an invention relates to an excluded field should follow the practice laid down by the UK Courts. These are set out in *Fujitsu Limited Application* [1997] RPC 608, in which Aldous LJ said at page 614: “it is and always has been a principle of patent law that mere discoveries or ideas are not patentable, but those discoveries and ideas which have a technical aspect or make a technical contribution are. Thus the concept that what is needed to make an excluded thing patentable is a technical contribution is not surprising. That was the basis for the decision of the Board in *Vicom*. It has been accepted by this Court and the EPO and has been applied since 1987. It is a concept at the heart of patent law”.
- 13 In other words, inventions relating to an excluded field which involve a technical contribution will not be considered to be related to the excluded matter as such. The practice of the Office in this regard is set out in the practice notice issued on 24 April 2002 entitled “Patens Act 1977: interpreting section 1(2)”.
- 14 In assessing any alleged technical contribution, it is the substance of the claim rather than its particular form that is important. It is not possible to render an inherently unpatentable method patentable merely through the specification of technical means.

Argument

- 15 Claim 1 in its latest form as set out above includes essentially the following steps: a) communicating to a user what payment instruments can be used by the system, b) receiving information from the user about which of these instruments he would be prepared to accept, c) communicating that information to a second user who then selects one of these chosen instruments and then d) receiving information from the second user to facilitate payment to the first user. All of these steps if carried out independently of a computer would amount to business transactions and I am therefore satisfied that the claim relates to the computer implementation of a business method. If that is the case then the issue that I need to consider, following *Fujitsu* and other authorities, is whether the claimed invention taken as a whole makes a technical contribution.
- 16 Neither Mr. Palmer nor Mr. Dallimore questioned that this is the approach that I should take. Indeed it is fair to say that almost the entire hearing was taken up with discussing the nature of any technical contribution.
- 17 Both Mr. Palmer and Mr. Dallimore addressed me at some length on this point. Their main argument was I believe best summed up by Mr. Dallimore when he said that the invention in question was not about doing something on a computer but was about doing it on a computer “in this way”. It was he argued the latter that provided the technical contribution. It was the way the various elements were placed in the right place and the way that the various parts of the system inter-related and shared data with each other that was significant. It is, as he said,

the giving of technical life to the underlying business that provides the technical contribution.

18 Mr. Dallimore, quoting from paragraph 1.16 of the Manual of Patent Practice, also sought to draw a comparison between this invention and that in *Genentech Inc's Patent* [1989] RPC 147 where the Court of Appeal held that the practical application of a discovery did not relate to the discovery as such and patentability was not excluded by S1(2). The inference from this line of argument being that the practical implementation of a business method should also not be excluded from patentability. It is perhaps wise for me to deal with this argument first.

19 Whilst it is clear that decisions taken in respect of one of the excluded categories may have relevance to another category of excluded matter, it is sometimes necessary to apply a little caution. Indeed as noted by Dillon LJ in *Genentech* "it would be nonsense for the Act to forbid the patenting of a computer program and yet permit the patenting of a floppy disc containing a computer, or an ordinary computer when programmed with the program".

20 This was confirmed in *Merrill Lynch's Application* [1989] RPC 561 where Fox LJ said: A.... it seems to me to be clear, for the reasons indicated by Dillon LJ, that it cannot be permissible to patent an item excluded by Section 1(2) under the guise of an article which contains that item - that is to say, in the case of a computer program, the patenting of a conventional computer containing that program. Something further is necessary. The nature of that addition is, I think, to be found in the *Vicom* case where it is stated: "Decisive is what technical contribution the invention makes to the known art". There must, I think, be some technical advance on the prior art in the form of a new result (eg, a substantial increase in processing speed as in *Vicom*).@

21 It is clear from these cases and also *Fujitsu* that merely implementing something using a computer system does not make an invention patentable. Something more is needed to provide the required technical contribution.

22 This leads me back to the main argument put before me. That is that the way in which the underlying business method in this application is implemented in a network based system provides the technical contribution. There are indeed a number of ways in which the implementation might give rise to a technical contribution. It might for example require the computer or computers to be modified in some technical way. That does not seem necessary in this case since the basic hardware that might be used to implement the invention appears entirely conventional, a fact that Mr. Dallimore acknowledged at the hearing. There might also be a technical contribution arising from the way that the various components communicate and share data with one another. Again nothing was presented to me to indicate that the invention had made a technical contribution in this area.

23 This would seem to leave the overall arrangement of the various components and the allocation of particular functions to these components. At the hearing Mr. Dallimore briefly took me through the relevant prior art explaining that none of the prior art proposed the type of arrangement or method set out in this application. Whilst he argued that all the prior art appeared to be based on a particular business method, this invention had a different method at its core. Like the examiner, I am prepared to accept that there is a difference between this

invention and the prior art and that that difference is sufficient to render the invention both new and probably non-obvious. But creating a new tool as noted in *Fujitsu* is not necessarily sufficient for the invention to avoid being excluded under section 1(2)(c). Something more is required.

- 24 I believe that the differences between this case and the prior art stem directly from the different business method that lies at the heart of this invention. Once that new business method had been arrived at, it was relatively straightforward to implement it in a network based system, albeit that the programmer or system developer would have had to use their technical knowledge to do so. Neither Mr. Dallimore nor Mr. Palmer was able to convince me that the particular programmer or system developer would have had to overcome any particular technical problems in order to implement the business method. In view of this I must conclude that implementing the business method in a network based system has not required any technical contribution to be made.
- 25 To summarise, considering firstly claim 1 as a whole, I can find nothing which might lead me to conclude that a technical contribution has been made. Therefore this claim relates to excluded matter namely a method of doing business. For the reasons I have already given the implementation of claim 1 using conventional computer hardware can not render the method of claim 1 patentable. I accordingly find that claims 13 and 25 are also excluded from patentability under Section 1(2) as methods of doing business and in the case of claim 25 also as a program for a computer.

Possible amendments

- 26 At the hearing Mr. Palmer asked me to consider whether bringing into claim 1 the features of claim 2 would provide the necessary technical contribution if claim 1 was found to be lacking in that respect. I should point out that claim 2 includes an additional step of performing a risk analysis to determine whether the second user, for example the potential buyer, is qualified to use the particular payment instrument that he has selected from the list provided by the first applicant.
- 27 I have considered this claim in detail and have concluded that although this additional step might enhance the business method, it does not provide the invention with the necessary technical contribution.
- 28 I have also looked at the remainder of the claims and the specification as a whole however I was unable to find anything that might support a patentable claim.

Conclusion

- 29 I have found that the invention fails to provide any technical contribution and that it is therefore excluded from patentability as a method of doing business and a computer program under Section 1(2)(c) of the Act. Having been unable to identify anything contained in the application that might support a patentable claim, I therefore refuse the application under Section 18(3).

Appeal

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

P J THORPE

Deputy Director acting for the Comptroller