



BL O/112/06

3 May 2006

## PATENTS ACT 1977

APPLICANT                      Acres Gaming Incorporated

ISSUE                              Whether patent application number  
GB 0308224.5 complies with section  
1(2)

HEARING OFFICER              R C Kennell

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## DECISION

### Background

- 1     The above patent application results from the entry into the national phase for the UK of international application no. PCT/US02/29805 which was filed on 18 September 2002 and claimed a priority date of 18 September 2001. The international application was published under serial no. WO 03/025828 on 27 March 2003 and subsequently reprinted under serial no. GB 2397403 A by the UK Patent Office.
- 2     Commencing with the issue of the first substantive examination report on 8 October 2004, four rounds of substantive examination - necessitated in part by a change of practice on the part of the Patent Office as explained below - have failed to overcome an objection by the examiner that the invention is excluded from patentability under section 1(2) of the Act. The matter therefore came before me at a hearing on 27 March 2006; the applicant was represented by Lindsay Lane, instructed by J A Kemp & Co, and the examiner, Jake Collins, also attended.

### The application

- 3     The application relates to a networked gaming system which can change the game content and behaviour based on recorded data about game players. It allows a casino operator to tailor the gaming experience to an individual player. The claims have been amended in the course of the prosecution of the application, and the single independent claim (claim 1) currently reads:

“A game tailoring system for a gaming terminal playable by a user identifiable to the system, the system comprising:

a player tracking system coupleable to the gaming terminal and structured to record data of a play history of an identified game user playing the gaming terminal; and

a player management system structured to provide, based on identical gameplay of two different identified players, different rewards to the two players *and to cause the gaming terminal to change gameplay* based on the respective recorded data of the two players.”;

the wording in italics has been included in order to distinguish the invention from the cited prior art, particularly patent specifications US 6244958 B1 and US 5917725.

- 4 At the hearing, in the event that I did not accept this claim, the applicant also put forward two alternative versions of claim 1 for my consideration. The first of these adds the requirements (i) that the game tailoring system is “for a gaming terminal playable under rules of play”, and (ii) that the player management system is “structured to cause game content, the rules of play, rules of a game, outcomes or outcome probabilities to change in real time based on the feedback from recorded data of the player of the gaming terminal from the player tracking system”. The second alternative adds the further restriction to the first alternative that the feedback is “regarding what type of games the player plays, how those games are played, game outcomes and/or the game that is currently being played”.

### **The law**

- 5 The question for determination is whether this advance resides in a field which is excluded under section 1(2), which states (emphasis added):

“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 -

...

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

... ;

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.”

## The CFPH test

- 6 It was common ground at the hearing that, following the change announced in the Office's practice notice "Patents Act 1977: Examining for Patentability" dated 29 July 2005, the test for the examiner to apply was now that adopted by Peter Prescott QC, sitting as a Deputy Judge of the High Court in *CFPH LLC's Application* [2005] EWHC 1589 (Pat). This requires a two-step approach: first to identify the advance in the art that is said to be new and not obvious and susceptible of industrial application, and second to determine whether it is new, not obvious and susceptible of industrial application under the description of an invention in the sense of Article 52 of the European Patent Convention (EPC) which section 1(2) reflects.
- 7 Miss Lane however emphasised two general points in relation to this. First, that *CFPH* had not entirely rejected the old "technical contribution" test for patentability: as the Deputy Judge explained at paragraph 14 of the judgment, it was not necessarily wrong to decide cases on this basis, but the word "technical" was not a solution but "merely a re-statement of the problem in different and more imprecise language". Miss Lane therefore thought the "technical" test still had value as a cross-check on the results obtained from *CFPH*. I agree, and indeed I observed that a number of subsequent judgments had tended to equate the two approaches.
- 8 Second, Miss Lane emphasised the point subsequently made by Pumfrey J in *Research in Motion UK Ltd v Inpro Licensing* [2006] EWHC 70 (Pat) at paragraph 187 that the exclusions of Art 52 ought not to be given too wide a scope and that patents ought not to be defeated under Art 52 unless the invention lay in excluded matter *as such* (my emphasis added). Although this case was directed to computer programs, I accept Miss Lane's view that this comment applies equally to all the Art 52 exclusions.

## **Argument**

### The approach to be taken to the different exclusions in *CFPH*

- 9 At the hearing Miss Lane took me through *CFPH* in greater depth. She took as her starting point the Deputy Judge's observation in paragraphs 28 -33 that the exclusions in Article 52 did not constitute a logical class and were excluded for reasons of public policy which were not necessarily the same for each item; some of the exclusions were "hard" and others "soft", and the harder the exclusion, the greater would be the insistence that the information should not be foreclosed under patent law. Miss Lane argued that games are a "soft" exclusion, having regard to the Deputy Judge's comments in paragraph 38:

"... You cannot patent the rules of a game, as such: but I believe (though I do not

have to decide it) that the scope of the exclusion stops there. It has always been Patent Office practice to grant patents for novel board games supplied together with a printed set of rules. ... In those cases it is the new rules that afford the unifying novelty and the inventive step. I can think of no reason why it should be the policy of the law to deny adequate patent protection to those who come up with new and entertaining games. The practical effect of the exclusion is merely to confine the monopoly to what will be made and supplied commercially.”

- 10 Miss Lane also referred me to *Shopalotto.Com Ltd's Application* [2005] EWHC 2416 (Pat) in which Pumfrey J rejected an application relating to a computer apparatus configured to provide a lottery game playable over the internet, where lottery numbers were replaced by commercial brands. As Miss Lane saw it, in relation to games, the judgment went no further than stating that the Official Ruling (1926) 43 RPC Appendix i concerning board games was no longer a valid guide to the interpretation of the 1977 Act. She pointed out that Pumfrey J had in fact based his decision on the use of brands being a business method, and suggested that the case could not be read as supporting a “hard” exclusion in relation to games and that any reasoning relating to games was *obiter*. I observed that in the Patent Office the hearing officer had decided the matter on the basis that the substance of the invention was the presentation of brand information and therefore excluded under section 1(2)(d). However, as Miss Lane pointed out, neither the court nor the comptroller had decided that the invention was unpatentable because it was a scheme, rule or method for playing a game.
- 11 Miss Lane saw business methods as being a “harder” exclusion than games in the light of *CFPH* at paragraphs 100 - 101:

“100. Turning to business methods in particular, an alleged invention will not be patentable if it is new and non-obvious merely under the description ‘a rule, scheme or method for doing business’.

101. A new advance in business methods, of itself, cannot supply that element of novelty and non-obviousness that is required to support a patent claim. However, if it is possible that the claim is capable of being supported on other grounds, the business context is not irrelevant. It may well be relevant background on obviousness. ... . Thus the commercial background may help to show that a certain technical advance was or was not obvious. ... .”

### The present invention

- 12 In the present case, the examiner maintained that the advance was a game tailoring system which gave different rewards to different players according to their play history even if their gameplay was identical, and caused gameplay to be affected based on the play history of the person playing the game . As he saw it, the invention was in essence either a gameplay structure (which was a method of playing a game), or a player management

system (which was a method of doing business), and the advance lay in the instructions which were given to the system, not in a feedback mechanism. The examiner did not however press an objection he had previously made that the invention related to a computer program.

- 13 Although not disagreeing that the advance lay in a game tailoring system, the applicant did not see this in quite the same way as the examiner. In the correspondence before the hearing, the applicant expressed the view that under the *CFPH* approach it was necessary to identify the field of the advance, not the field in which the advance takes place - the advance therefore lay in a feedback mechanism rather than in better rules for playing a game or running a business. At the hearing Miss Lane expanded this argument, identifying the advance as lying in the control of the gaming terminal, since the claim made clear that the game tailoring system comprised the player tracking system coupled to the gaming terminal; there was therefore an advance in apparatus. I did not however understand there to be any disagreement between the examiner and the applicant that the feedback was crucial to any advance that was present.

#### Business methods

- 14 On this, Miss Lane thought that the advance was not about “doing business” but was about gaming apparatus and its operation; although it might be used by a business, a new gaming apparatus was not a scheme, rule or method for doing business.

#### Playing a game

- 15 As to whether the advance lay in a scheme, rule or method for playing a game as such, Miss Lane identified a number of reasons which she thought justified a narrow construction of what she considered to be a “soft” exception (as explained above). Since the invention did not comprise “fixed parameters” for the playing of a game, in the sense of instructions for the players to do particular things, she did not think it was possible to define it as a rule or method. Nor did she think it was a scheme, having regard to definitions of this term in the Concise Oxford Dictionary (8<sup>th</sup> edition), Collins Concise Dictionary (2<sup>nd</sup> edition) and Chambers Concise Dictionary which she submitted with her skeleton argument, and which - particularly Collins - emphasised a scheme as a systematic plan for a course of action; in her view a scheme for playing a game would be exemplified by a way of solving Rubik’s cube. In essence her argument was that the invention told you how the gaming apparatus was changed from time to time by feedback from data obtained from the player, and nothing about how the player was to play the game.
- 16 I put it to Miss Lane that the parameters of a game might not be entirely fixed

because many games provided for one player to have the power to affect what the other players did, for instance by acting as a “banker” who could control the resources available to a player. Miss Lane accepted that rules might provide for one player to have choices, but did not think that my point affected the main thrust of her argument.

- 17 Also, the examiner drew attention to the slightly different wording used in Article 52 EPC which was in the plural form “schemes, rules or methods for ... playing games ... “ which he suggested put the emphasis on playing games, rather than playing a game in particular. Miss Lane did not think the change in wording was intended to have any significance and thought that it still came down to whether there was something that could properly be described as a scheme, rule or method.

### Computer program

- 18 There was some discussion at the hearing about whether the invention related to a computer program in the light of the Deputy Judge’s comments in CFPH at paragraphs 104 - 105:

“104. But the mere fact that a claimed artefact includes a computer program, or that a claimed process uses a computer program, does not establish, in and of itself, that the patent would foreclose the use of a computer program. There are many artefacts that operate under computer control (eg the automatic pilot of an aircraft) and there are many industrial processes that operate under computer control (eg making canned soup). A better way of doing these things ought in principle, to be patentable. The question to ask should be: is it (the artefact or process) new and non-obvious merely because there is a computer program? Or would it still be new and non-obvious in principle even if the same decisions and commands could somehow be taken and issued by a little man at a control panel, operating under the same rules? For if the answer to the latter question is “Yes” it becomes apparent that the computer program is merely a tool, and the invention is not about computer programming at all. It is about better rules for governing an automatic pilot or better rules for conducting the manufacture of canned soup.

105. Of course if it were about better rules for running a business the idea would not be patentable.”

in response to which Miss Lane expressed the view that the advance did not relate to a computer program as such, although a computer program could be used to as a tool to operate the system.

- 19 However, as I have mentioned, the examiner made clear that he was not pressing this ground of objection, and I do not think I need to consider it any further. As I understood the examiner he was seeking to draw an analogy with paragraph 105, in that this was about a better way of doing something that was unpatentable, ie playing a game.

### Substance as opposed to form

- 20 As will be clear from the above, Miss Lane's arguments on business methods and games are based very much on there being an advance in apparatus. However, particularly in relation to the games exclusion, the examiner drew attention to the decision of the comptroller in *Konami Corporation's Application* BL O/199/04. This related to a machine which modelled a race and allowed bets to be placed on its outcome, but ensured that certain constraints were met in the betting process. The hearing officer, whilst accepting that there might be patentable inventions in the field of gaming machines, emphasised that it was necessary to look beyond the form of the claimed invention to determine what was the substance of the invention and (pre-*CFPH*) whether it was technical in character.
- 21 In this case the hearing officer regarded the substance of the invention as lying in a computational process which was not only mathematical in nature but which operated on values which had no significance beyond the imaginary race being played out. As for the return achieved for the machine owner, this was a commercial consideration flowing from the operation of the routine and was not of a technical nature. The hearing officer accordingly found the invention to be excluded, amongst other things, as a method for doing business (in the sphere of the provision and operation by an operator of gaming machines which are programmed to provide an assured income from retained bets) and as a method for playing a game (the game being constrained to provide an assured retained income).
- 22 However, Miss Lane thought that this was not necessarily persuasive in the present case, since even if the apparatus could be regarded as a method for playing a game, there was novelty in the apparatus because of the feedback mechanism. On business methods, she thought it significant that, although in the present case the casino operator wanted to maximise the business this was not reflected in the claim to anything like the extent that it was in *Konami* - where trying to reach a predetermined target in the payout rate and trying to make sure you pay out in round amounts were far more intimately connected with the administration of a business than anything in the present claim.

### Technical contribution

- 23 Using the test of technical contribution as a cross-check on the results obtained by *CFPH*, Miss Lane saw it as lying in the feedback mechanism. I put it to Miss Lane that in many computer systems data from one stage would be fed back to a previous stage to influence what was happening, and so the mere fact that there was feedback might well not be enough to impart a "technical" contribution - there might still be a need to decide whether the

advance was at a technical level. In response Miss Lane drew an analogy with braking mechanisms which operated on the basis of feedback and whose patentability would not be any doubt, but the examiner did not see this as helpful (having regard to Pumfrey J's observation in paragraph 186 of *Research in Motion* about the undesirability of drawing analogies with cases decided on different facts in relation to different inventions) and came back to his point that the invention was all to do with playing games.

## Conclusions

- 24 I have considered all the above matters very carefully, but I am not convinced by Miss Lane's arguments, particularly in relation to games. I note that in paragraph 38 of *CFPH* the Deputy Judge expresses doubts that this exclusion was intended to go beyond the rules of a game, but this seems to ignore schemes and methods which are also within the exception of Art 52 and section 1(2): in any case this comment would appear to be *obiter* on the Deputy Judge's own admission. I accept however that this is a "softer" exclusion than business methods or computer programs for that reasons that Miss Lane explains in relation to *CFPH*, and that I should not seek to give the exception of section 1(2) an over-broad scope.
- 25 Nevertheless in arguing that this is an invention which is to do with apparatus and that the advance lays in a feedback mechanism to the gaming terminal which is part of that apparatus, Miss Lane is I think concentrating on the form in which the invention is claimed rather than the substance of the invention. The substance is still what matters, as is explained in paragraph 7 of the practice notice "Examining for Patentability" mentioned above. It seems to me that whilst the advance does indeed lie in the control of the gaming terminal, it is essentially an advance in the way in which a game is played and about the instructions which are fed into the system to enable this. In this case at least I do not accept the interpretation suggested by the applicant that I should ignore the field in which the advance occurs and concentrate on the field of the advance, and I believe that paragraph 105 of *CFPH* lends support to that view.
- 26 In relation to whether there is a scheme, rule or method for playing a game, I do not see any particular significance in the use of the plural form of wording in Art 52 EPC as compared with the singular in section 1(2) of the Act. However, I do need to consider whether there is in fact anything that constitutes a "scheme, rule or method" as required by both the EPC and the 1977 Act. Here, although I do not agree that there necessarily have to be fixed parameters in the sense suggested by Miss Lane before there can be a "rule" for playing a game, or that a "scheme" is necessarily a systematic plan, I do not think the present invention is really about rules or schemes. In my view the advance of the invention can fairly be said to lie in a method of playing a game. Miss Lane's submission appeared to treat rules and



methods as much the same, but I do not think that is right. It is a well-known canon of construction that words in statutes are to be interpreted in their natural and ordinary meaning. On that basis I see no reason to regard a method, in the limit, as anything other than a way of doing something. I therefore consider the advance to lie in a method for playing a game, even if the way in which it is played is determined by someone (for example the casino operator) other than the player(s), or constrained by means over which they have no control.

- 27 I note that *Shopalotto* did not ultimately turn on the games exclusion, since there was an in an otherwise known lottery system which could be regarded as falling within other excluded areas. However, I do not think that of itself prevents me from reaching the conclusion that the present invention relates to a method of playing a game as such, and that is indeed the conclusion which I have reached.
- 28 On business methods, I accept Miss Lane's reasoning in the light of paragraphs 100 - 101 of *CFPH* that this is a "harder" exclusion than games, but I do not think that of itself gets me very far. More specifically, I am not wholly persuaded by her arguments that this is about a method for use in a business rather a method for doing business. I think it is indeed arguable as the examiner suggests, that the invention is a player management system which can be regarded as a method for a casino operator to do business. I obtain some support in this from paragraph 1.25 of the Office's "Manual of Patent Practice" (to which I drew attention at the hearing) which suggests that the business methods exclusion might extend to organisational and managerial activities, at least for manufacturing industry. Further, and although I accept that I should be wary of deciding cases by analogy with others decided on different facts and should treat each case on its own merits, I do not see any fundamental distinction between the gaming apparatus in *Konami* and the present invention such as might suggest that one, but not the other, ought to be regarded as a business method. The differences pointed out by Miss Lane seem to be ones of degree rather than kind.
- 29 However the extent to which methods of this nature are to be regarded as "for" doing business may now be in some doubt in the light of *Neal William Macrossan's Application* [2006] EWHC 705 (Ch) where Mann J held that this exception is "aimed more at the underlying abstraction of business method" (see paragraph 30) than business services or end products which are provided for the customer. This decision was given on 3 April 2006, after the hearing on the present application. Given the imminent expiry of the period for putting this application in order, and having found that the invention is excluded in any case as a method for playing a game, I will not invite submissions on *Macrossan* and will make no decision on whether the invention is excluded as a business method.

30 Using Miss Lane's "cross-check" to see whether there is any technical contribution, I have noted above that in my view the invention is concerned with the instructions to be fed into the system rather with feedback or control of a genuinely technical kind. I do not therefore believe that I would have concluded the matter any differently if that were still the test. In the absence of any technical contribution, I do not think that paragraph 101 of *CFPH*, suggesting in relation to business methods that the commercial background may be useful to explain whether or not a technical advance is obvious, is of any assistance.

#### Alternative claims

31 My conclusions would not differ if the specification were amended in accordance with either of the alternatives which were proposed by the applicant. Miss Lane made no additional points on these, except to say that the technical features now introduced in relation to the feedback mechanism made it very difficult to say that the invention was a scheme, rule or method for doing business as such. However, on the basis of my reasoning above, I do not think that either alternative is anything other than a method for playing a game, or can be said to introduce a technical contribution which was not present before.

#### **Summary**

32 In accordance with section 1(2) I have found that the invention is not patentable because it relates to a method for playing a game as such. I make no decision on whether it also relates to a method for doing business, or to a computer program.

33 Having read the specification carefully and considered the alternative claims put forward by the applicant, I cannot see that any saving amendment is possible. I therefore refuse the application in accordance with section 18(3) of the Act.

#### **Appeal**

34 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days - although I observe that the period prescribed by rule 34 of the Patents Rules 1995 (as extended under rule 110(3)) will expire on 18 May 2006, before the 28 day appeal period expires.

**R C KENNELL**

Deputy Director acting for the Comptroller