

07 December 2012

**PATENTS ACT 1977**

APPLICANT Shop.com

ISSUE Whether patent application number GB 1203666.1  
complies with Section 1(2)

HEARING OFFICER Ms J Pullen

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**DECISION****Introduction**

- 1 Patent application GB 1203666.1 entitled “Electronic Commerce Rule-Based Multi-Selection Gifting” was filed on 2 March 2012 claiming divisional status from patent application GB1002816.5 and was published as GB 2486833 on 27 June 2012.
- 2 The examiner initially assessed the claims of the parent application to be excluded from patentability under Section 1(2) as they related to a method of doing business and a program for a computer. Following consideration of the divisional the examiner found the claims to be not materially different to the claims of the parent and thus, found the claims also to be excluded from patentability under Section 1(2) for the same reasons. The examiner could not be swayed by the arguments filed by Mr Gareth Ashton, the applicant’s attorney, on 23 July 2012. With the position unresolved, the matter was referred to me for a decision on the papers.
- 3 It is worth noting at this point that the examiner has not searched the application and has deferred examination with regard to all matters other than the issue of excluded matter. Should I find in favour of the applicant, I will refer this application back to the examiner to attend to the outstanding matters.

**The application**

- 4 The application relates to electronic online commerce. A system is envisaged which allows a gift giver to predefine a selection of gifts from which the gift receiver is able to make a selection. The gift giver is able to set rules which the gift receiver must abide by in order to receive the promised gift(s), such as total price, number of gifts etc. The system works in conjunction with one or more vendors in order to produce purchase orders and invoicing. The gift giver will only be charged the value of the selected gifts.

- 5 There are 3 independent claims, 1, 17 and 29, each relating to a system for implementing selection rules within an integrated multi-merchant web server. Claim 1 reads:

A system for implementing selection rules within an integrated multi-merchant web server, comprising:

at least one administration server configured to interface with multiple merchant computers and multiple client computers;

at least one application server, communicatively coupled with said at least one administration server, configured to manage (a) at least one merchandise database comprising records for merchandise, each record including (i) an identifier for a merchant, (ii) an identifier for an item of merchandise, and (iii) a price of the item, and (b) a gift database comprising records for multi-selection gifts, each record including (i) an identifier for a gift giver, (ii) at least one identifier for at least one gift recipient, (iii) a plurality of items of merchandise corresponding to records in the merchandise database, and (iv) at least one selection rule for selecting at least one of the items of merchandise, the at least one application server comprising:

a first interface interactively enabling any one of the client computers to generate one or more gift database records;

a second interface interactively guiding any one of the client computers to retrieve a gift database record and, if the client computer identifies one of the at least one gift recipient in the record, to select one or more of the items of merchandise in the record in accordance with the at least one selection rule in the record; and

a third interface interactively enabling any one of the merchant computers to generate one or more merchandise database records; and

at least one transaction server, coupled with said at least one administration server and with said at least one application server, configured to issue, in response to selection of one or more items in a gift database record via said second interface, (i) an invoice to the gift giver identified in the record, in accordance with the prices of the selected items, and (ii) a purchase order to each merchant, as appropriate, in accordance with selected items that correspond to merchant database records that identify that merchant.

- 6 Claim 17 reads:

A system for implementing selection rules within an integrated multi-merchant web server, comprising:

at least one administration server configured to interface with multiple client computers;

at least one application server, communicatively coupled with said at least one administration server, configured to manage (a) at least one merchandise database comprising records for merchandise, each record including (i) an identifier for a merchant, (ii) an identifier for an item of merchandise, and (iii) a price of the item, and (b) a gift database comprising records for multi-selection gifts, each record including (i) an identifier for a gift giver, (ii) at least one identifier for at least one gift recipient, (iii) a plurality of items of merchandise and (iv) at least one selection rule for selecting at least one of the items of merchandise, the at least one application server comprising an interface interactively guiding any one of the client computers to retrieve a gift database record and, if the client computer identifies one of the at least one gift recipient in the record, to select one or more of the items of merchandise in the record in accordance with the at least one selection rule in the record; and

at least one transaction server, coupled with said at least one administration server and with said at least one application server, configured to issue, in response to selection of one or more items in a gift database record via said interface, (i) an invoice

to the gift giver identified in the record, in accordance with the prices of the selected items, and (ii) a purchase order to each merchant, as appropriate, in accordance with selected items that correspond to merchandise database records that identify that merchant.

7 Claim 29 reads:

A system for implementing selection rules within an integrated multi-merchant web server, comprising:

at least one administration server configured to interface with multiple client computers;

at least one application server, communicatively coupled with said at least one administration server, configured to manage (a) at least one merchandise database comprising records for merchandise, each record including (i) an identifier for a merchant, (ii) an identifier for an item of merchandise, and (iii) a price of the item, and (b) a gift database comprising records for multi-selection gifts, each record including (i) an identifier for a gift giver, (ii) at least one identifier for at least one gift recipient, (iii) a plurality of items of merchandise and (iv) at least one selection rule for selecting at least one of the items of merchandise, the at least one application server comprising an interface interactively enabling any one of the client computers to generate one or more gift database records; and

at least one transaction server, coupled with said at least one administration server and with said at least one application server, configured to issue, in response to selection, by a client computer, of one or more items in a gift database record in accordance with the at least one selection rule in the record, (a) an invoice to the gift giver identified in the record, in accordance with the prices of the selected items, and (b) a purchase order to each merchant, as appropriate, in accordance with selected items that correspond to merchandise database records that identify that merchant.

8 There is no suggestion by either the examiner or the applicant that the contribution is, or should be, different for each of the respective independent claims. I will therefore consider the broadest of the three claims, which is claim 29, and the independent claims will stand or fall together.

### The law

9 Section 1(2) declares that certain things are not inventions for the purposes of the Act. The relevant parts of section 1(2) read (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 -

(a) a discovery, scientific theory or mathematical method;

(b) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;

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

(d) the presentation of information;

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.**

- 10 The test to be applied when determining whether an invention relates to excluded matter is that laid down by the Court of Appeal in its judgment *Aerotel/Macrossan*<sup>1</sup>. That test comprises four steps:
- (1) Properly construe the claim
  - (2) Identify the actual contribution
  - (3) Ask whether it falls solely within the excluded matter
  - (4) Check whether the actual or alleged contribution is actually technical in nature.
- 11 In its subsequent judgment in *Symbian*<sup>2</sup>, the Court made clear that the *Aerotel* test is not intended to provide a departure from the requirement set out in the previous case law that the invention must provide a “technical contribution” if it is not to fall within excluded matter.
- 12 From that I take that I should apply the *Aerotel* test but that in doing so I must ask the question “is the contribution technical?”.
- 13 Paragraphs 40-48 of the judgment discuss the operation of the test in practice. Paragraph 43 confirms that identification of the contribution is essentially a matter of determining what it is the inventor has really added to human knowledge, and involves looking at substance, not form.

Step one: properly construe the claim

- 14 There are no difficulties of construction; the claims are clear and there has been no dispute between the applicant and the examiner regarding their meaning.

Step two: identify the actual contribution

- 15 Mr Ashton highlighted paragraph [0005] of the description, in his letter of 23 July 2012, as identifying the ‘technical problem addressed by the description’. He summarises the paragraph in his letter, with his own emphasis added, and it reads:

There is thus a need for designs and **implementations** of gift-giving technologies, which allow gift recipients to have flexibility in selecting items that are meaningful, useful and enjoyable to them, while still adhering to constraints, such as cost, prescribed by the gift giver.

- 16 Mr Ashton argues that the previous examination reports do not address the ‘technical implementation of the invention’ only the ‘business purposes of the gift-giving system’. He goes on to state that the actual contribution could not be identified as the ‘technical parts’ of the system have not been searched by the examiner and no assessment of their novelty or inventive step could be made, he highlighted paragraph 33 of *Aerotel* in support of this, which reads as follows:

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<sup>1</sup> *Aerotel Ltd v Telco Holdings Ltd Macrossan’s Patent Application* [2006] EWCA Civ 1371

<sup>2</sup> *Symbian Ltd’s Application* [2008] EWCA Civ 1066

The first objection is that it involves an inquiry as to what is old, whereas you ought to be able to determine whether an exclusion applies just by considering what is claimed – is this the sort of thing excluded? If one thinks about this however, particularly with the aid of examples, one can see that the inquiry may inevitably involve a question of discerning what is old so that it can be excluded. Take for instance a claim to a hard drive loaded with a piece of music. If it is an old hard drive, all that has been added is an excluded item. And this would be so even if the claim went to the trouble of spelling out element by element all the features of the old hard drive. But suppose the hard drive specified were itself new and inventive? Then a claim to such a drive loaded with a piece of music would be allowable. It would not be the individual piece of music (even if new) which caused the claim to escape Art.52(2) but the newness of the kind of hard drive on which the music was loaded. Of course in practice an inquiry as to what is old may not be difficult – indeed it will generally be self-evident. Claims to a piece of music or a computer program loaded onto a known form of medium, or a claim to a particular system of conducting business over the internet using standard hardware are good examples. No detailed examination of the prior art is necessary there.

- 17 He argues that refusing to search whether or not the specific combination of hardware in this application is new would be akin to refusing to search whether the hard drive is new in the *Aerotel* example above, and it therefore follows that failure to search this application and check whether the specific combination of hardware in this application is new must be plainly incorrect.
- 18 I disagree with Mr Ashton on this point. The final five lines of paragraph 33 of *Aerotel*, as set out above, are considered to be equally as relevant to this case. Furthermore, paragraph 44 of *Aerotel* acknowledges that, for a patent application (as opposed to a granted patent), it may only be possible to identify the alleged, and not the actual, contribution when applying step two. This is clearly the position the examiner has taken in this case and therefore there is no absolute requirement that the case be searched in order to use the four-step test. References to the “contribution” which follow are therefore to the alleged contribution.
- 19 Mr Ashton further stated that no attempt has been made to identify what parts of the ‘technical implementation’ were known, the focus being solely placed on the business aspects of the application rather than the implementation as directed by paragraph [0005] of the description. He summarised the invention as a collection of programmed apparatuses which work together in the manner described in the application to solve the technical problem of how to implement a gift giving system. He submitted that the contribution is a program which makes a computer handle gift-giving data better than a conventional networked computer.
- 20 I agree with Mr Ashton that the contribution may lie within the implementation of the system but do not necessarily agree that the focus of the implementation lies within the arrangement of the hardware used. The hardware components used to implement the system (administration server, application server, transaction server, at least one interface) are well known components and I cannot find any suggestion in the description that they are linked together in anything but a conventional manner. In fact paragraph [00146] of the description states that ‘It will be appreciated by those skilled in the art that the systems and methods of the present invention may be implemented within a variety of server-client network architectures’, which to my mind teaches away from there being any contribution provided by the

specific arrangement of hardware components. Also, I cannot find any suggestion in the description, or any explanation in Mr Ashton's submissions, as to why there is anything different or unexpected as a result of the way in which these components are combined to form the system overall, which seems to be at odds with the example Mr Ashton referred to in paragraph 53 of *Aerotel*. Any inventive link between the hardware items appears to arise only because of the software being used.

- 21 I refer to paragraph 43 of *Aerotel* which gives guidance as to how to address the contribution

'it is an exercise in judgement probably involving the problem said to be solved, how the invention works, what its advantages are. What has the inventor really added to human knowledge perhaps best sums up the exercise. The formulation involves looking at substance not form – which is surely what the legislator intended.'

- 22 To set out the problem to be solved, I return to the opening pages of the description, in particular the end of paragraph [0004] and paragraph [0005]

The expansion of web sites from a single vendor to multi-vendor provides opportunities for extending traditional models of gift giving that have not yet been realized. In addition, traditional e-commerce gifts are limited to unilateral actions taken by a gift giver that do not necessarily take into consideration tastes, preferences or physical characteristics of a gift recipient.

There is thus a need for designs and implementations of gift-giving technologies, which allow gift recipients to have flexibility in selecting items that are meaningful, useful and enjoyable to them, while still adhering to constraints, such as cost, prescribed by the gift giver.

- 23 The invention works by enabling 'a gift giver to generate a custom gift, including a plurality of items of merchandise from a plurality of merchants, and which enable a gift recipient to select one or more of the gift items in accordance with rules prescribed by the gift giver'.
- 24 An advantage of the invention is that the gift giver is not billed for purchase until the gift is redeemed by the gift recipient.
- 25 Despite the attempts of the agent to persuade me otherwise, I am in no doubt that the problem being addressed is a business problem rather than a technical problem and what has been added to the sum of human knowledge is a way of providing gift recipients with the flexibility to choose gift(s) within constraints provided by the gift giver and ensuring the gift giver is only charged for the gifts chosen.

Step three and step four: ask whether it falls solely within the excluded matter, check whether the actual or alleged contribution is actually technical in nature.

- 26 There is no doubt that the invention requires a computer program for its implementation, but this does not automatically mean the invention is excluded from patentability.

- 27 During correspondence Mr Aston referred to *AT&T/CVON*<sup>3</sup> and the signposts highlighted therein as helpful in ascertaining the meaning of the term “technical effect”.
- 28 As I have found that the contribution relates to a business problem rather than a technical problem I do not see the signposts as being helpful. Nevertheless, I do not agree with Mr Ashton that the sign posts point to there being a technical effect. The efficiency of the system may be achieved irrespective of the gift giving data being processed, but it is not achieved irrespective of the applications being run. The implementation of the system using a computer program does not appear to make the computer operate in a new way, or increase the speed or reliability of the computer itself. What it results in is a way of manipulating and/or storing gift giving and gift selection data for the purpose of providing a business method.
- 29 I therefore conclude that the contribution falls squarely within the excluded as a scheme, rule or method of doing business which is implemented by a program for a computer. While the system is ‘technical’ in that it is implemented using one or more appropriately programmed computers, the contribution made by the system lies in the method of doing business itself and/or in the actual programs which enable the computer to implement that method of doing business.

### **Conclusion**

- 30 In my view the contribution made by the present invention is a business method which is implemented by a program for a computer. I therefore find the invention to be excluded as a method for doing business. Furthermore, I can see no possible amendment to the claims which would allow a patent to be granted. I therefore refuse the application under section 18(3) as failing to comply with section 1(2).

### **Appeal**

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

**Ms J PULLEN**

Deputy Director acting for the Comptroller

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<sup>3</sup> AT&T and CVON [2009] EWHC 343 (pat)