

14 August 2006

**PATENTS ACT 1977**

APPLICANT                      Oneida Indian Nation

ISSUE                              Whether patent application number GB  
0308259.1 complies with section 1(2)

HEARING OFFICER              Mrs S E Chalmers

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**CORRECTED DECISION**

**Introduction**

- 1      This decision relates to whether a patent should be granted for a particular invention. Patent application number GB 0308259.1 entitled "System, method and article of manufacture for gaming from an off-site location", was filed on 15 October 2001 in the name of Oneida Indian Nation. The application is derived from an earlier application under the Patents Convention Treaty with a date of 13 October 2000.
- 2      The examiner objected that the subject matter of the application was unpatentable, being excluded by section 1(2)(c) of the Act because it relates to a method for doing business and/or to a computer program. Following several rounds of amendment and argument, the difference of view between the examiner and the applicant remained unresolved. The matter came before me at a hearing on 10 July 2006 at which the applicant was represented by Mr Nicholas Fox and Mr Robin Chan, both of Beresford & Co. Before the hearing, Mr Fox submitted a skeleton argument and a list of authorities which has eased my task.

**The application**

- 3      The application relates to a computerized gaming apparatus for enabling players to play games from an off-site location. In the prior art, a wager is placed followed by the generation and display of results by the apparatus in one sequence of operations. In contrast, the present invention, apparatus pre-generates and stores the results following the wager but the player must make a separate request to display the results. This separate request may be made on- or off-site and may be time-shifted from the time of the wager eg to comply with local gaming laws. The applicant argues that the computer architecture

increases the robustness of the system and reduces overheads by reducing data processing requirements and the amount of data transfer.

4 There are three independent claims. Claim 1 relates to a gaming apparatus comprising a server; claim 10 is to a computer network comprising the claimed gaming apparatus, a client terminal operable to send the wager, a client terminal operable to display the results and communication means to transmit data between the gaming apparatus and terminals; and claim 16 is to a computer readable medium having a program to program a computer to become configured as the claimed gaming apparatus.

5 I need only recite the latest form of Claim 1 which reads:

*A gaming apparatus comprising a server having stored thereon:*

*a wagering component operable to perform wagering operations each of which generates a corresponding item of result data;*

*a database configured to store:*

*a plurality of patron account files each said account file including a patron identifier; and*

*a plurality of results files, each said results file being associated with a respective patron identifier and being adapted for storing a sequence of said items of result data;*

*output means for outputting items of result data stored in said results files;*

*means responsive to receipt of a first wagering instruction including a patron identifier to perform:*

*(i) a checking operation in relation the patron account file which includes the corresponding patron identifier,*

*(ii) dependent upon the result of said checking operation, to activate said wagering component to perform a plurality of said wagering operations, and*

*(iii) to store the plurality of items of result data generated by said plurality of wagering operations in the results file associated with said received patron identifier, and*

*means responsive to receipt of a second wagering instruction including a patron identifier*

*(i) to determine whether the results file associated with the patron identifier received with the second wagering instruction includes any items of results data which have not previously been output and*

*(ii) if so to cause said output means the output the next item of results data said in the sequence.*

6 Appendant claims 2-9 refer to particular details of the operations responsive to the first and second wagering instructions. Appendant claims 11-15 give particular details of the network and operation of the client terminals.

## **The Law**

7 The provisions in the Act relating to excluded matter are in section 1(2) which reads:

**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) 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.**

8 It is invariably emphasised in Patent Office decisions relating to patentability that these exclusions only apply to the excluded matter “as such” and that the provisions in the Patents Act are stated in section 130 to be formulated so as to have the same effect as the equivalent provisions of (inter alia) the European Patent Convention (“EPC”), that is to say, Article 52 paragraphs (1), (2) and (3) of the EPC; and I make the same observations here. However these aspects played a more forceful than usual part in the representations made to me at the hearing, and I consider those representations below.

9 Mr Fox took me to *Gale*<sup>1</sup> to emphasise the importance of harmonisation between the UK Courts and the European Patent Office in interpreting these exclusions. Nicholls LJ said:

“...it is of the utmost importance that the interpretation given to section 1 of the Act by the courts in the United Kingdom, and the interpretation given to Article 52 of the European Patent Convention by the European Patent Office, should be the same. The intention of parliament was that there should be uniformity in this regard. What is more, any substantial divergence would be disastrous. It would be absurd if, on an issue of patentability, a patent application should suffer a different fate according to whether it was made in the United Kingdom under the Act or was made in Munich for a European Patent (UK) under the Convention. Likewise in respect of opposition proceedings.”

10 Mr Fox made the point that 80% of the patents in force in the UK are ones that have been prosecuted through the European route rather than through the UK Patent Office. In deciding whether the claimed invention was patentable, he also urged me to pay heed to and take a decision consistent with EPO practice where there was no clear steer from the UK courts.

11 I think the proper position is that in assessing patentability, I must have regard primarily to the Patents Act and to the precedents on its interpretation provided by judgments of the UK courts. By following the guidance in these judgments, I shall be taking into account EPO decisions to the extent intended and approved by the UK courts. Decisions of the EPO Boards of Appeal are of

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<sup>1</sup> *Gale's Application* [1991] RPC 305

persuasive value and to the extent they are consistent with the interpretation applied by the UK courts, I can also take them into account directly.

### **Has the CFPH judgment changed the landscape?**

- 12 Mr Fox based his presentation on the law primarily on the judgment in *CFPH*<sup>2</sup>. In that judgment, Mr Peter Prescott QC sitting as a deputy judge noted that different approaches had been used historically by the EPO and by the UK courts in making assessments of patentability, and that those approaches had varied from time to time. He evidently sought to suggest a more rigorous test than what was currently in place. In his judgment he said, from paragraph 94:

“94. To that extent I believe the EPO is right no longer to apply the "technical contribution" test. Properly regarded, that was a two-stage test that identified what was new (not disclosed in the past) and then asked whether it was 'technical' (i.e. not excluded from patentability). But it cannot be right to stop there. The new advance also must not have been obvious to those skilled in the art and that too must be under the description 'technical' (i.e. not excluded from patentability). In practice it may not be useful to consider whether something is an 'invention' without considering whether it is new and non-obvious. Much the same thing was said by the House of Lords in *Biogen Inc v. Medeva plc* [1997] RPC 1, 42.

95. A patentable invention is new and non-obvious information about a thing or process that can be made or used in industry. What is new and not obvious can be ascertained by comparing what the inventor claims his invention to be with what was part of the state of the existing art. So the first step in the exercise should be to identify what it is the advance in the art that is said to be new and non-obvious (and susceptible of industrial application). The second step is to determine whether it is both new and not obvious (and susceptible of industrial application) under the description 'an invention' (in the sense of Article 52). Of course if it is not new the application will fail and there is no need to decide whether it was obvious.”

- 13 The two stage test proposed by Prescott QC has been adopted by the Patent Office for the purposes of examiner assessments of patentability, as was explained in the Patent Office Notice: “Patents Act 1977: Examining for Patentability” issued in July 2005. It was employed by the examiner in the present case.
- 14 Mr Fox was concerned that the comments of the deputy judge should be interpreted correctly and should be placed in the appropriate historical context. He focused on 3 main issues. Firstly that the test introduced in *CFPH* did not replace the technical contribution assessment, but provided a new formulation for it. Secondly that the exclusions only applied to the excluded matter “as such” and that the criterion for assessing whether an invention relates to excluded matter as such or to something extra, is the existence of a technical effect. That was the position before *CFPH* and Mr Fox’s view was that it remains unchanged after *CFPH*. Thirdly, what is to be understood by “as such”, and “technical effect”?
- 15 To set the *CFPH* judgment in context, Mr Fox took me to the *Merrill Lynch*<sup>3</sup>, *Vicom*<sup>4</sup> and *Fujitsu*<sup>5</sup> judgments in which the “technical contribution” test had

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2 *CFPH LLC’s Application* [2005] EWHC 1589 (Pat)

3 *Merrill Lynch’s Application* [1989] RPC 561

been developed, including the consideration that a technical effect is required to save an invention which lies in an excluded area from being unpatentable. He then considered a number of recent cases; *Halliburton*<sup>6</sup>, *Shopalotto*<sup>7</sup>, *Crawford*<sup>8</sup>, *RIM v Inpro*<sup>9</sup> and *Sun Systems*<sup>10</sup>, to demonstrate his contention that the *CFPH* test had not swept the previous case law aside.

- 16 Leaving aside the *Sun* case which is a decision by a hearing officer in the Patent Office and creates no precedent, in these judgments a number of High Court judges have considered the matter and have made it clear that the *CFPH* approach is consistent with the previous one. In the *Halliburton* judgment, which was handed down on the same day as *CFPH*, Pumfrey J said in paragraph 213:

“...The majority of the English decisions (in particular ...” (and he lists *Merrill Lynch, Fujitsu*, and *Gale*) “..along with EPO decisions such as ...” (*Vicom*) “...support a “contribution” approach. What has the inventor contributed to the art as a matter of substance? Does it lie in excluded matter, or does it amount to a “technical” contribution or effect?”

- 17 In *Shopalotto Ltd’s Application*, Pumfrey J said, in paragraph 9:

“From this sort of consideration there has developed an approach that I consider to be well established on the authorities, which is to take the claimed programmed computer, and ask what it contributes to the art over and above the fact that it covers a programmed computer. If there is a contribution outside the list of excluded matter, then the invention is patentable, but if the only contribution to the art lies in excluded subject matter, it is not patentable.”

- 18 In *Crawford’s Application*, as Mr Fox pointed out, Kitchin J said in paragraph 11:

“For my part I do not detect any difference in substance between this approach and the conclusion expressed by Pumfrey J in *Halliburton*. Nor do I believe it to be inconsistent with the decision of the Court of Appeal in *Fujitsu*. At the heart of all these decisions is the consistent principle that an inventor must make a contribution to the art (that is to say the invention must be new and not obvious) and that contribution must be of a technical nature (susceptible of industrial application and not within one of the areas excluded by Art 52 (2))”

- 19 And the final case I will comment on is *RIM v Inpro*, in which Pumfrey J said, from paragraph 186:

“...It is now settled, at least at this level, that the right approach to the exclusions can be stated as follows. Taking the claims correctly construed, what does the claimed invention contribute to the art outside excluded subject matter? The test is a case-by-case test, and little or no benefit is to be gained by drawing analogies with other cases decided on different facts in relation to different inventions”

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4 *Vicom / Computer Related Invention* T208/84

5 *Fujitsu Limited’s Application* [1997] RPC 608

6 *Halliburton Energy Services, Inc v Smith International* [2006] RPC 2

7 *Shopalotto Ltd’s Application* [2006] RPC 7

8 *Crawford’s Application* [2006] RPC 11,

9 *Research in Motion UK Ltd v Inpro Licensing* [2006] EWHC 70

10 *Sun Microsystems Inc’s Application* BL O/057/06

20 What I take from this is that the case law has continued since *CFPH* to underline the point that one must look at the contribution to the art, and ask whether it falls solely within excluded subject matter. Prescott QC in his discussion in *CFPH* frequently equates what is patentable with technical subject matter and the judgments referred to above confirm that *CFPH* is not inconsistent with the technical contribution approach in *Fujitsu*. However, “consistent with” does not mean “exactly the same as”. What has changed is how one analyses the invention in order to make that determination. The *CFPH* judgment provides a new way, arguably more secure and consistent in its application, of doing so. It does not, unfortunately, assist with the very determination of what is and what is not technical.

### **Travaux Préparatoires**

21 To address what is to be understood by the “as such” derogation and by “technical contribution” or “technical effect”, Mr Fox took me to the travaux préparatoires of the EPC. These consist of a series of documents, apparently obtained from the EPO, which minute the discussions of the working parties and diplomatic conferences in the early 1970’s prior to adoption of the EPC. Mr Fox provided me with, as far as I could tell, all the relevant papers which relate to the present Article 52. He also referred me to Articles 31 and 32 of the Vienna Convention on the Law of Treaties, to support the proposition that it was appropriate to take account of the travaux préparatoires in interpreting the EPC.

22 Taking the latter point first, the EPO Enlarged Board of Appeal decision in the case of *EISAI/Second medical indication* G 5/83 found that although the Vienna Convention does not apply to the EPC *ex lege*, because the Vienna Convention applies only to treaties concluded after its entry into force, it is nevertheless appropriate to interpret the EPC as though the Vienna Convention does apply to it. Their reasoning, which is in paragraph 4 of the Reasons for the Decision, was that constitutional courts in Europe in making various decisions have applied Vienna Convention principles (including Articles 31 and 32) to the interpretation of treaties to which it does not strictly apply, and they consequently concluded that it was proper for the EPO Enlarged Board of Appeal to do the same. I am content to accept that the Vienna Convention can be treated as though it applies to the EPC in respect of the interpretation provisions in Articles 31 and 32.

23 The Vienna Convention, under the heading “Interpretation of treaties” provides a “General Rule of interpretation” in Article 31, and then states in Article 32 that:

“Recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm the meaning resulting from the application of article 31, or to determine the meaning when the interpretation according to article 31:

- a) leaves the meaning ambiguous or obscure; or
- b) leads to a result which is manifestly absurd or unreasonable.”

24 The EPC is a treaty within the meaning of the Vienna Convention as is clear from the definition of “treaty” in its Article 2, and from the preamble to the EPC.

Subparagraph (b) of Article 32 does not apply in this case. Considering subparagraph (a), Mr Fox said, with some feeling, that if there is any section of the European Patent Convention which is obscure, it is the meaning of “computer programs as *such*” and therefore Article 32 applies. A question arises whether there is a distinction to be made between ambiguity or obscurity in the meaning of the EPC on the one hand, and difficulty in its application on the other. The point may be summed up by Pumfrey J’s observation in *Halliburton*, that “the law is clear albeit difficult to apply”. However I have come to the conclusion that it is not material how the obscurity arises, since I do not think Article 32 excludes difficulties in interpretation arising from the application of a treaty. I therefore consider that Article 32 can be invoked in this case.

- 25 Mr Fox explained in relation to the travaux préparatoires firstly that the reference to computer programs was a relatively late addition into the list of exclusions which were being discussed in relation to the EPC. Some delegations thought that programs should not be included at all in view of uncertainty as to how computer technology would develop in future. In their view, the case law on exclusions should be left to develop along with the technology. Programs were only finally included when it was decided to harmonise the EPC exclusions with those that had appeared in the recently concluded Patent Cooperation Treaty. He made the point that the exclusions in the PCT are not exclusions as to patentability; (patentability is not part of the PCT framework) but rather exclusions as to subject matter in respect of which an International Search Authority is obliged under the PCT to perform a search. He also noted that the computer program exclusion under the EPC was considered for separate treatment from the other exclusions, but in the end it was decided to apply the “as such” rider in common to all of them. Mr Fox referred me to the minutes of the 11<sup>th</sup> meeting of Working Party I from 28 February to 3 March 1972 in Luxembourg. The majority view at this meeting was that exclusion of computer programs in the form eventually decided “would as a matter of fact make for the exclusion of computer programs as such, while allowing precedents to be used to assess the patentability of any related inventions.”
- 26 Without having gone into all the twists and turns of the discussions in the travaux préparatoires, I am content to accept that this was the position reached by the Working Party which eventually found its way into the EPC and it seems to me that this is indeed the way Article 52 of the EPC has been interpreted in the event. Programs “as such” fall within the excluded area and there has been a continuing debate and development, just as envisaged in the travaux préparatoires, over the criteria to be used to assess the patentability of computer related inventions. The case law following *CFPH* continues this development, and it has been explained that this continuation is consistent with its earlier development under *Fujitsu*.
- 27 What I understand Mr Fox to be saying is that one should not apply too narrow an interpretation to the range of patentable inventions that are to be permitted under the EPC. The computer programs exclusion was, in their view, intended to be limited to the most clearly unpatentable cases. Insofar as Prescott QC

refers to particular examples and the “little man” test in *CFPH*, those are to be regarded as non-limiting examples of the type of computer related inventions that are patentable. I think Mr Fox was concerned that the office may have taken the view that this well rehearsed part of the law may have been swept away with *CFPH* and the subsequent judgments. I do not think it has and I do indeed regard the examples given by Prescott QC in paragraph 104 as non-limiting.

### Technical effect

28 Mr Fox went on to discuss arrangements that should be regarded as constituting a technical effect appropriate to confer patentability. He focused on arrangements in which the invention produced internal effects within the computer system and took me to *CFPH*, *Halliburton*, *Shopalotto* and *RIM*.

29 In *CFPH*, Prescott QC says at paragraph 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 ... A better way of doing those 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 .... “

30 Mr Fox then referred me to *Halliburton* at paragraph 213:

“The majority of the English decisions ..... support a ‘contribution’ approach. What has the inventor contributed to the art as a matter of substance? Does it lie in excluded matter, or does it amount to a ‘technical’ contribution or effect? The contribution is considered as a matter of substance so as to avoid patents for novel programs on compact discs, for example, although this is in an area in which the EPO appear to have wobbled ..... where a technical effect was found in the computer into which the program would be loaded from the claimed carrier”.

31 In *Shopalotto Ltd’s Application*, Pumphrey J said at paragraphs 9 and 10:

“Suppose a program written for a computer that enables an existing computer to process data in a new way and so produce a beneficial effect, such as increased speed, or more rapid display of information, or a new type of display of information. It is difficult to say that these are not technical effects, and, indeed, that the programmed computer, itself a machine that ex hypothesi has never existed before, is itself a technical article and so in principle the subject of patent protection”.

And then he goes on –

“The real question is whether this is a *relevant* technical effect, or, more crudely, whether there is enough technical effect: is there a technical effect over and above that to be expected from the mere loading of a program into a computer? ... The contribution must be considered as a matter of substance so as (for example) to prevent patents being granted for such things as novel computer programs on a carrier such as a compact disc.”



32 In *RIM*, at paragraphs 186 and 187:

“It is now settled at least at this level, that the right approach to the exclusions can be stated as follows. Taking the claims correctly construed, what does the claimed invention contribute to the art outside excluded subject matter?”

33 Mr Fox also referred me to the EPO case *IBM/Computer programs T1173/97*. The main issue in this application concerns the allowability of claims to a computer program product, and a computer program when stored on a computer usable medium. Commenting on the technical character of the invention, the decision includes a review of the sort of computer related developments that could be regarded as involving a technical effect. In paragraph 6.5 in the Reasons for the Decision, the Board says:

“Consequently a patent may be granted not only in the case of an invention where a piece of software manages, by means of a computer, an industrial process or the working of a piece of machinery, but in every case where a program for a computer is the only means, or one of the necessary means, of obtaining a technical effect within the meaning specified above, where, for instance, a technical effect of that kind is achieved by the internal functioning of a computer itself under the influence of said program.

In other words, on condition that they are able to produce a technical effect in the above sense, all computer programs must be considered as inventions within the meaning of Article 52(1) EPC, and may be the subject matter of a patent if the other requirements provided for by the EPC are satisfied.”

34 I am content to accept that, as in the *IBM* case, an invention concerned with the internal functioning of a computer may be patentable. What sort of internal inventions might qualify? Mr Fox said that an increase in speed was one possibility; not any increase in speed but one which involved a technically new and inventive development. As he put it: “Merely saying “I have a computer program. It affects a computer. It is therefore technical” was not a sufficient technical effect.” However, if you were doing processing in a novel and inventive way, and it was because of that novel and inventive processing you were achieving results faster and you were doing less processing then, in his view, that would be allowable and suitable subject matter for a patent.

35 If Mr Fox is saying that any innovative development in computer programming which results in an increase in speed (or indeed improvements in accuracy or productivity which, like speed, are normal advantages of developments in computerisation) is patentable, then I disagree. Case law is clear that a new programming method producing an increase in speed through the more efficient use of computer resources does not necessarily involve a patentable technical effect. Just to reinforce this point, improvements in accuracy or productivity which are similarly the typical results of computerisation have also been found, of themselves, not to confer patentability. In the *Fujitsu* case referred to above, Aldous LJ stated:

“...a computer set up according to the teaching in the patent application provides a new “tool” for modelling crystal structure combinations which avoids labour and error. But those are just the sort of advantages that are obtained by the use of a computer program. Thus the fact that the patent application provides a new tool does not solve the question of whether the application consists of a program for a computer as such or whether it is a program for a computer with a technical contribution.

I believe that the application is for a computer program as such.”

This supports the proposition that innovative developments in programming which avoid labour and error do not necessarily involve a patentable technical effect.

- 36 Mr Fox then took me to the EPO case *Sohei T 769/92*. Section 3.3 in the Reasons for the Decision says:

“ ..... such a mix” (of technical and non-technical aspects) “may or may not be patentable. If, for instance, a non-patentable method (eg a mathematical method, metal or business method) is implemented by running a program on a general purpose computer, the fact alone that the computer consists of hardware does not render the method patentable if said hardware is purely conventional and no technical contribution to that (computer) art is made by the implementation. However, if a contribution to the art can be found either in a technical problem (to be) solved, or in a technical effect achieved by the solution, said mix may not be excluded from patentability under Articles 52(2) and (3) EPC ...

In the board’s view the non-exclusion from patentability also applies to inventions, where technical considerations are to be made concerning the particulars of their implementation.

The very need for such technical considerations implies the occurrence of an (at least implicit) technical problem to be solved ... and (at least implicit) technical features ... solving that technical problem.”

In the interests of harmonisation, Mr Fox suggested that to determine whether there was a technical effect, I should follow the EPO approach and ask the question “can the claimed advance be said to be a technical solution to a technical problem?” If there was, then (he said) you had a technical effect. The fact a technical problem was solved, he argued, determined whether you were in the realms of the *as such* exclusion or outside it.

- 37 In support of his view that this approach was consistent with the interpretation of “technical” held by the UK courts, Mr Fox also referred to comments in the *RIM* case. Here Pumfrey J says at paragraph 186:

“What the claims give is a technical effect: computers running faster and transmitting information more efficiently, albeit ultimately for the purpose of displaying part of that information”

Mr Fox’s view was that Pumfrey J in this remark was suggesting that, if there were a technical solution to a technical problem, then that took you outside the exclusion. I do not think that is correct as a general proposition. Case law is clear: to take you outside the *as such* exclusion, there must be a *relevant* technical effect. Pumfrey J is referring in his remarks to the claims, and to the result of performing the invention specified in the claims. The system under consideration was one in which Internet pages have their information content reduced so as to be suitable for transmission over a limited bandwidth channel for display on a small format screen. It is as a result of the reduction in content that the information can be transmitted rapidly and displayed effectively, not the other way round.

- 38 I take from these cases that an increase in the speed of operation of a computer (or indeed improvements in productivity or accuracy) which result from developments in the content of programs are not necessarily patentable.

### **Method for doing business**

- 39 Turning to the business method objection, Mr Fox took me to the *CFPH* and the *Macrossan*<sup>11</sup> judgments. In *CFPH* at paragraph 42, Prescott QC says:

“Is the applicant trying to patent a method of doing business? That is not allowed. Or is he trying to patent computer technology? That may be allowed (it depends). But how do you tell the difference? In one sense, a computer that is programmed so as to implement a novel business technique *is* a new technological artifact. It is a machine with millions of switches arranged as never before. If you say, ‘Yes, but it is not the sort of switch arrangement that ought to be allowed to count’, you must explain why.”

- 40 Mr Fox then took me to *Macrossan* which was concerned with a computer-implemented method for generating documents for incorporating a company. At paragraph 30, Mann J says (referring to the decision of the hearing officer):

“She seems to have relied heavily on the fact that the activity in question is carried out for remuneration by solicitors. That is true, that it does not mean that the invention embodies a ‘scheme or ... method ... of doing business’ within the Act. The activity involved in the invention is a business service, or end product, for which the customer is prepared to pay and for which the consumer contracts. That may entitle the invention to the title ‘a method of providing business services’, but that is not what the exclusion in the Act is aimed at, in my view. The exclusion is aimed more at the underlying abstraction of business method - the market making technique in *Merrill Lynch’s Application* or the way of doing the auction in *Hitachi*. In *CFPH*, Mr Prescott identified joint-stock companies as being methods of carrying out business - see paragraph 41 of his judgment. That has the necessary level of abstraction or method (business method). The invention in the current application does not. It is merely a facility which might be used in a business; or, to put it another way, a tool. That cannot be said of the inventions in *Merrill Lynch* or *Hitachi*”.

Mr Fox accepted that the claimed invention was a tool that was used in business but submitted that did not mean that the invention *per se* related to a method for doing business.

- 41 Mr Fox also drew my attention to paragraph 5.3.2 of the EPO *Pitney Bowes*<sup>12</sup> decision:

The above problem arises in the use of a system which is technical per se (mailer stations...) and thus not excluded from patentability. This has not been contested... Even if the new features of the system specified in claim 1 did not change the hardware of the known system ... the required software changes would nevertheless cause the system to be technically different with respect to the dividing, storing and transmitting of mail handling ...

Moreover, although these changes may be initially inspired by methods for doing business, they nevertheless involve technical considerations relating to the field of mailing, such as the overall operation of the interconnected system, the provision of a storage area for mail handling categories, the prevention of unauthorized access to the

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<sup>11</sup> *Macrossan’s Application* [2006] EWHC 705 (Ch)

<sup>12</sup> *Pitney Bowes/Mailing system T 0513/98*

categories and the transmission of information from these categories. Therefore these features have to be considered as technical features ... which contribute to solve a problem arising in mailing systems and which for these reasons, cannot be disregarded when judging inventive step”

- 42 Mr Fox suggested that if you replaced the words “mailing systems” with “gambling apparatus” you could apply the same reasoning to this invention in that the claimed gambling apparatus solved the technical problem of reducing the amount of processing needed to process an individual bet request. That, he argued, took the present invention outside the exclusion.

### **The present case**

- 43 Applying the law to the case in hand, the *CFPH* enquiry requires me to assess what is, or is alleged to be, new and inventive and capable of industrial application in relation to the present case, and then to determine whether it is new and not obvious and susceptible of industrial application under the description “an invention” in the sense of Article 52 of the EPC.

- 44 For the purposes of the first step of this enquiry, I accept that closest prior art is US 5674128, which relates to an online gaming system that centrally generates a random number and sends it to a player terminal where it is used to determine the outcome of a game. Mr Fox argued that claim 1 of the application differed from the disclosure of the US patent in the following respects:

A) the presence of a centralized wagering component operable to generate items of results data and means for storing and outputting these results, where these results are associated with an individual player’s account;

B) means are provided which respond to two different types of wagering request to act in different ways:

C) in response to a first type of wagering request a results stream is generated and stored

D) in response to a second type of wagering request the next available item of stored results data is dispatched to a client terminal.

Mr Fox also submitted that there was no disclosure in US 5674128 of the iterative generation of results, as claimed in claim 2, to generate a sequence of results that exhausted the entire amount of money in the account.

- 45 Mr Fox also argued that the claimed apparatus was inventive over US 4669730 which disclosed a lottery type gaming system played on an automatic teller machine which centrally generates a lottery result that can be accessed via a computer network. He submitted that there was no motivation to amend US 4669730, in which it was essential to compare the computer generated results with user input, to pre-generate multiple results in the manner claimed. He also pointed out that, in contrast to this prior art, the present invention did not require user input.

- 46 The authorities emphasize that the substance of the invention must be assessed. I agree with Mr Fox's analysis of the prior art with regard to US 5674128. However, I'm not sure his analysis of US 4669730 is quite right in relation to user input. Column 3 line 30 - column 4 line 9 of US 4669730 describes a game in which the sweepstake processor compares the player's bank account number (which can be regarded as user input) with a computer-generated random number. Specifically, the winning number can be pre-generated (column 3 line 42) and prizes awarded in a pre-selected order (column 4 line 1). Nevertheless, neither US specification discloses or suggests that the placing of a bet generates a set of winning results (as opposed to a single result) that are stored with the specific player account for subsequent display to the player on a one-by-one basis as required by the claimed invention. In answer to the first step of the CFPH enquiry, I therefore find the advance in the art that is said to be new and inventive lies in the iterative pre-generation and storage of results in response to a bet.
- 47 I now go on to consider the second step of the CFPH enquiry. I must now decide whether the advance I have identified is both new and inventive (and susceptible of industrial application) under the description of "an invention" in the sense of Article 52 of the EPC. I am satisfied that the claimed invention is new and inventive over the prior art. However, I now need to consider whether the advance amounts to a method for doing business and a computer program *as such*.
- 48 Mann J in paragraph 30 of the *Macrossan* judgment quoted with approval a paragraph from *Pensions Benefit*<sup>13</sup>, as assisting in a decision as to a business method as such. In my view, the advance in the present invention is all to do with "*processing and producing information have purely administrative, actuarial and/or financial character*", to use the words of the decision of the Technical Board. As is made clear in the application as filed, the driving force behind the invention is to increase revenues and to make it easier for new firms to enter the gaming industry by providing a way for people to play games from an off-site location not normally associated with gambling eg from home or a shop. I am not persuaded by Mr Fox's submission that the invention can be divorced from the business context which is essentially a method for carrying out a gaming operation. I therefore find that the invention is a method of doing business as such.
- 49 Mr Fox argued that the reason why the present application was technical and was therefore not a computer program *as such* was that it solved a technical problem. The technical problem (he said) was how to reduce the amount of processing necessary and the solution being what was claimed ie the difference between the present application and the prior art. The claimed features of the architecture enabled the system to process gaming results with increased efficiency, with reduced network requirements and with increased security and robustness. Firstly, there was a significant reduction in the amount of data which has to be transferred back and forth; secondly, there was increased security and robustness because of the centralisation of the generation of the results; and thirdly the amount of processing required to

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<sup>13</sup> Pensions Benefit Business Partnership T931/95

process an individual bet request was reduced. To quote Mr Fox: "It is not merely 'It is more efficient because we are putting it on a computer'". He contended that the claimed system gave rise to a technical effect beyond that which arose merely through the existence of a computer program.

- 50 The fact that an invention may reduce the amount of data processed thus resulting in a speedier and more efficient system has been explored in many previous cases as I have mentioned earlier in this decision. I can see nothing in the application to suggest that the advance in the art is achieved other by standard programming on standard hardware. Whilst the advance is undoubtedly "technical" in the broadest sense of the word and may indeed lead to increased speed and efficiency in the use of computer processing resources, the test as set out in *Shopalotto* is whether this advance provides a *relevant* technical effect. In my view, it does not: the advance flows from the decision to change the gaming operation to pre-generate and store the results following the wager and the way in which the results are output in response to a separate request to display the results.
- 51 Having considered the matter carefully, I find that the present invention does not have the necessary technical character for it to be patentable. Answering the second question in the *CFPH* test, I find that the claimed gaming apparatus is not new and inventive under the description of patentable subject matter, but is only new and inventive under the description of a computer program and a method for doing business *as such*.

### **Conclusion**

- 52 I have found that the invention relates to a method for doing business as such; and to a computer program as such. As a result, I find claims 1, 10 and 16 to be unpatentable and the appendant claims necessarily also unpatentable. I have been unable to find anything in the application which could form the basis of a patentable invention. I therefore refuse the application because it does not comply with section 1(2)(c) of the Patents Act.

### **Appeal**

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

**MRS S E CHALMERS**

Deputy Director acting for the Comptroller