



description.

- 7 In response to the second examination report, the applicant submitted further observations relating to the issue of patentability but no amendments. The examiner was not persuaded by these observations, and a hearing was arranged to deal with the issue of patentability.
- 8 In the event, the applicant decided not to attend the hearing and requested instead that the matter be decided based on the papers on file.
- 9 Although this decision relates to the issue of patentability, I note that the other matters (namely, the amendment of the description for conformity with the claims, and the use of Registered Trade Marks) remain outstanding. These issues will, of course, need addressing should I decide in the applicant's favour.

### **The application**

- 10 In summary, the application relates to a transaction processing system which incorporates a debt recovery system. Information about a transaction, eg a secured loan for a car, is stored in a central database. In the event that the transaction is defaulted on, e.g. a loan payment is missed, a recovery process is initiated. Using the stored transaction information, relevant information (instructions, search results, registrations and documents) is sent electronically to the various parties involved in recovering the debt (such as the liquidator, receiver, bailiff, and collection agency). As the recovery process proceeds and the various parties perform their assigned tasks, status updates are provided by these parties and stored in the central database for use by the other parties. By thus making use of the transaction data already stored in the central database to perform the recovery process, the need to re-enter the necessary data in a separate automated recovery system is obviated and the opportunity for human error reduced. Also, the electronic transmission of the necessary information to the various parties (who may be widely dispersed geographically), is more efficient than conventional (manual) debt recovery procedures which would involve the exchange of numerous telephone calls, facsimiles, and printed forms etc.
- 11 The claims in their latest form (filed 1 May 2003) include independent claims 1 and 3 and dependent claim 2. The claims read as follows:
1. A transaction processing system comprising:
    - C a general purpose computer including a memory, a central processing unit and an input/output device;
    - C a data repository coupled to the general purpose computer;the memory of the general purpose computer including computer executable means to:
    - C receive transaction information for a transaction relating to a property unit,
    - C the transaction information including relevant information regarding the property unit and information relating to a customer profile for a customer in debt for the property unit,
    - C store the transaction information in the data repository,
    - C indicate a default condition for the transaction,
    - C initiate a recovery process for recovering the property unit from the customer,

- C the process involving services to be provided by multiple service providers,
  - C receive reporting information regarding the recovery process from said service providers electronically over a communication network, and
  - C provide automated co-ordination of the recovery process by co-ordinating communications with said multiple service providers in response to the transaction information stored in the data repository,
- the transaction information being automatically updated with said reporting information to indicate a current status of the transaction,
- C said recovery process including process stages regarding disposal of the property unit following the recovery thereof.

2. The system according to Claim 1 including an application/customer profile input module in which the transaction information is recorded and from which the transaction information is retrieved upon initiation of the recovery process.

3. A transaction processing system comprising:

- C a general purpose computer including a memory, a central processing unit and an input/output device;
- C a data repository coupled to the general purpose computer, wherein the memory of the general purpose computer includes computer executable [sic] to:
  - C receive transaction information for a transaction relating to a property unit which entails obligations which are in default;
  - C store the transaction information in the data repository;
  - C initiate a recovery process for the transaction, said process involving services including property unit disposal services to be provided by multiple service providers;
  - C receive reporting information regarding the recovery process from said service providers electronically over a communication network; and
  - C provide automated co-ordination of the recovery process by computer means which co-ordinate with said multiple service providers in response to the transaction information stored in the central repository, the transaction information being automatically up-dated with said reporting information to indicate a current status of the transaction.

## The law

12 The examiner has maintained that the application is excluded from patentability under Section 1(2)(c) of the Act, as relating to a method for doing business and a program for a computer as 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 purpose of this Act only to the extent that a patent or application for a patent relates to that thing as such.”

- 13 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, to which they correspond. I must therefore also have regard to the decisions of the European Boards of Appeal that have been issued under this Article.

### **Interpretation**

- 14 It is a well established principle of UK patent law that when assessing whether an invention relates to excluded subject matter, it is the substance of the invention that is important, not its form. For example, in *Merrill Lynch's Application [1989] RPC 561*, Fox LJ said at page 569:

“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.”

- 15 Thus the form of wording employed to define the invention in the claims is not relevant to the question of patentability. What I must do is identify the substance of the invention defined in the claims when properly construed and decide if that amounts to an excluded item as such.

- 16 Moreover, the Patent Office Practice Notice issued on 24 April 2002 entitled “Patents Act 1977: interpreting Section 1(2)” provides what I consider to be a convenient summary of the approach I should adopt in determining whether an invention constitutes an excluded item *as such*. I would summarise it as saying that even if an invention relates to an excluded field, it will not be refused as being unpatentable *if it provides a technical contribution*. In other words, if it makes a technical contribution it does not relate to the excluded item “*as such*”.

- 17 This interpretation follows the decision in *Fujitsu Limited's Application [1997] RPC 608*, in which Aldous LJ said at page 614:

“However, 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 technical contribution are. Thus the concept that what is needed to make an excluded thing patentable is a technical contribution is not surprising. This was the basis for the decision of the Board in *Vicom*. It has been accepted by this court and by the EPO and has been applied since 1987. It is a concept at the heart of patent law.”

- 18 The questions I must therefore decide are:

Does the invention relate to a method for doing business and/or a program for a computer? If the answer to that question is “yes”

Does the invention make a technical contribution such that it cannot be said to amount to the excluded item *as such*?

If the answer to the second question is “no” the invention is not patentable.

## **Argument**

### The excluded categories

- 19 As outlined above, the application relates to a transaction processing system which incorporates a debt recovery system. The independent claims are drafted as a transaction processing system comprising various pieces of hardware including a memory having “computer executable means” [i.e. software] to carry out various functions. It is clear from the specification that the hardware running the software is entirely conventional. I am in no doubt that in essence the invention is a program for a computer and might therefore fall within the exclusions of section 1(2)(c).
- 20 Similarly, the incorporation of a debt recovery system into a transaction processing system is to my mind clearly a business process and the invention therefore falls within the general ambit of the “business method” exclusion in that same section.

### Technical contribution

- 21 Having found that the application falls within the general area of the “business method” and “computer program” exclusions, it is now incumbent upon me to decide whether it amounts to those things *as such* by applying the technical contribution test.
- 22 What constitutes a ‘technical contribution’ has been the subject of a good deal of argument before the UK Courts and the Boards of Appeal of the EPO. The arguments submitted on behalf of the applicant and the specification itself focus on two potential sources of technical contribution; the problem solved by the invention and the solution to that problem. I need to address each of those.

#### i) The problem to be solved

- 23 The applicant sets out clearly the problem which the invention seeks to overcome on page 2 of the specification. I quote:
- “In a conventional arrangement, a lender or insurer transaction involves extensive human and material resources at each stage of the transaction for manual processing, multiple transcriptions of common information, numerous record searches, and multiple assignments to various agents. Only limited access to pertinent information in a timely manner is available to those who need it. Accordingly, in the conventional process, the transaction typically requires multiple telephone communications, facsimiles, microfiches, hand written documents and printed forms. Each action in the process gives rise to the opportunity for the introduction of errors and the reduction of centralized control by a lender or insurer.”
- 24 There is no doubt in my mind that there is a problem in the existing system. However, I am equally certain that that problem is one of business (in)efficiency, rather than a technical problem. Addressing this problem does not in itself provide the required technical contribution.

ii) The result achieved

25 The result achieved by the applicant's system is usefully summarized at the bottom of page 5 of the specification, from which I quote:

“The present invention provides electronic communication and access for the agents to pertinent pre-selected, instruction, information, searches, and documents as may be required by those agents to complete their assignment task.”

26 At the heart of the system is a central database (e.g. a conventional relational database) which stores the transaction information and which communicates with a plurality of different conventional user desk top computers via a conventional network. Various software modules provide user interfaces via which the different parties can read data from, and write data to, the database. Again these modules are conventionally programmed.

27 In my opinion, there is no question that the system is doing anything other than automating existing (manual or semi-automated) methods of transaction processing and debt recovery. The agent has pointed to a number of benefits that are achieved by providing this automated, linked-up system, and proposes that these form the basis for a technical contribution:

C Relevant data need only be entered once, reducing the possibility for human error.

C Information can be sent instantaneously (or in a time-controlled manner) to different parties over a wide geographic area - this is not possible with manual systems relying on phone calls etc. By thus being able to act more swiftly, the likelihood of property recovery is increased.

C There is more certainty when the information is sent electronically from a central database to the different parties, than in manual systems.

C The linked-up, automated debt recovery process is more efficient, requiring fewer staff compared with manual systems or systems that are not linked up in this way.

28 Page 14 of the description also points to the advantage of having one single database that can be searched electronically, as opposed to having to search multiple recording offices, many manually.

29 I agree that all these benefits are highly desirable. I do not, however, consider any of them to be sufficient for the invention to be said to make a technical contribution through the effect achieved. This issue was considered by the Court of Appeal in *Fujitsu Limited's Application [1997] RPC 608*. In his decision on that application, Aldous LJ said at page 618:

“Mr Birss is right that 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.”

- 30 It is my considered opinion that the present invention provides another such “new tool” by providing an automated, linked-up system for transaction processing and debt recovery. However, the advantages that follow from using such a tool, as set out above, are to my mind just the sort of efficiency gains that naturally follow from automating a manual (or partly manual) set of procedures and which the Court of Appeal has said do not provide a technical contribution.
- 31 Thus, simply using a computer (or in the present application, several computers communicating with one another over a network) to automate what was previously done manually is not enough for an invention to be said to make a technical contribution. The specification makes it clear that conventional hardware (i.e. conventional computers communicating with one another over a conventional communication network), programmed in a conventional way, is used in realizing the invention. In view of this I conclude that the claimed invention fails to provide the necessary technical contribution.

### **Decision**

- 32 I have found that the invention as claimed in this application is no more than the application of known technology to a business administration problem, and that it fails to provide a technical contribution. I therefore find that it is excluded from patentability as a method for doing business and a program for a computer as such. Although consideration has been focussed on the claims, I can find nothing in the specification that would provide support for any patentable claim. Accordingly I refuse the application under Section 18(3) on the grounds that the invention is excluded by Section 1(2)(c).

### **Appeal**

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

**A BARTLETT**

Deputy Director acting for the Comptroller