

# Decoding Software and Business Method Inventions

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September 28-29, 2004

# The Development of US Law

- Widely believed that business methods not patentable
- Problems with algorithms
- Resolved by series of Supreme Court Decisions + State Street Bank case

# State Street Bank – a landmark in the US

- Comments on the business method exception
- We take this opportunity to lay this ill conceived exception to rest.
- Business Methods subject to same rules as any other process or method
- Error-prone, redundant and obsolete

# US Supreme Court

- Anything under the sun that was made by man is patentable (Diamond v Chakrabarty)
- An invention is patentable if it produces a 'useful, concrete and tangible result' (Diamond v Diehr)

# State Street Bank

- Earlier algorithm test rejected
- Distinguish between algorithms which have an application and those which do not.
- If there is an application there is a useful concrete and tangible result

# State Street Bank

- **IMPORTANT** – The useful result does not have to be technical for the invention to be patentable.

# State Street Bank - Consequences

- Existing business method patents strengthened
- Not limited to Business method patents
- Companies more likely to enforce
- Lots of new applications filed

# State Street Bank - Consequences

- Widespread criticism of USPTO
- Problems in examination
- USPTO reaction
  - Broader search
  - Second tier review
  - Fewer cases being granted
  - Examiners seem more reluctant to grant than in other fields

# The European Patent Office

- Exclusions from patentability
  - ....mathematical methods
  - ....mental acts, methods for doing business
  - ....programs for computers
  - ....presentations of information
- 'As Such' limitation

# Vicom

- Technical effect required
- Look at technical contribution
- Mathematical method patentable if in form of technical process

# Technical Contribution

- First establish closest prior art
- Then look at the new subject matter and decide if is technical

# Sohei

- Modified technical effect test
- Technical effect present if there are technical considerations required in implementing the invention
- Even if the invention itself is not technical

# Sohei

- Relevant to all exclusions
- Has encouraged more applicants to seek European protection

# Pension Benefits Case

- Method of controlling pension benefits program
  - Providing information to a data processor
  - Determining average of all enrolled employees
  - Determining life insurance costs
  - Estimating admin.costs
  - The method producing various financial data relating to each employee.

# Pension Benefits Case

- Does the method represent a method of doing business as such?
  - Yes
  - Claim refused
- Purpose of each step and the method as a whole is economic

# Pension Benefits Case

- Technical contribution test rejected
- Look at claim as a whole to decide is it technical
- Look at novel features over prior art to decide inventive step. Must still involve technical considerations.

# Pension Benefits Case

- An Apparatus constituting a physical entity or concrete product suitable for performing or supporting an economic activity, is an invention within the meaning of article 52(1) EPC

# Pension Benefits Case

- Apparatus claims should always be inventions
- But there is no inventive step if there are no technical considerations over the prior art.

# Comvik

- Claims are patentable if they consist of a mix of non-technical and technical features
- But inventive step is assessed only in relation to the technical elements of the claim

# Hitachi

- Modifying a business method to avoid a technical problem is not patentable.
- If the problem had been solved, rather than bypassed, the solution might have been patentable.

# India

- Recent Amendment to India Patent Act
- Exclusion from Protection include:
  - Mathematical Methods
  - Business Methods
  - Computer Programs *per se*
  - Algorithms
  - Methods of performing mental acts or playing games
  - Presentations of information

# India

- The amended law is still very new
- Looks very similar to EPO
- Possibly more restrictive
  - But will depend on how it is applied

# What is protected

- The method
- The System it runs on
- The program that performs the method
- Individual parts of the system – I.e a terminal or a server
- Important for network cases to fall in a jurisdiction

# What is protected

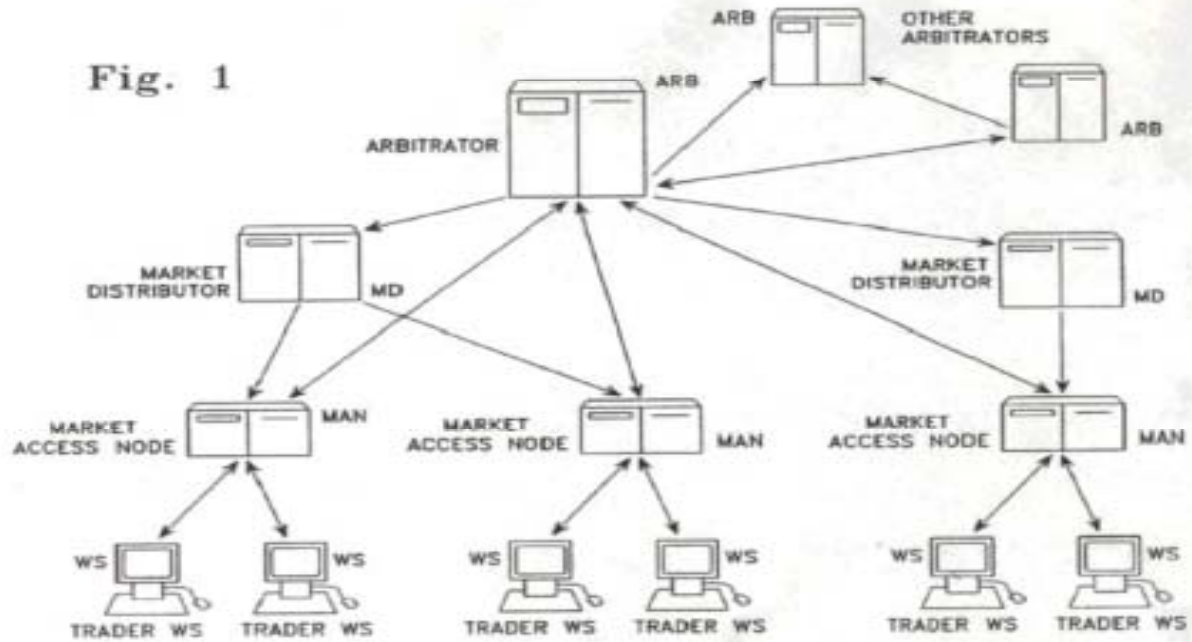
- Careful drafting is the key to strong patent protection
- How will others use your invention
- Make sure that your claims cover what others may want to do

# Where to Protect

- Problems with Internet based inventions
- Drafting claims that can be infringed
- *William Hill v Menashe*
- Balance patentability, cost, potential markets, potential sources of infringements and ease of enforcement

# Some case studies

Fig. 1



EP 0 625 275 B1

Fig. 2

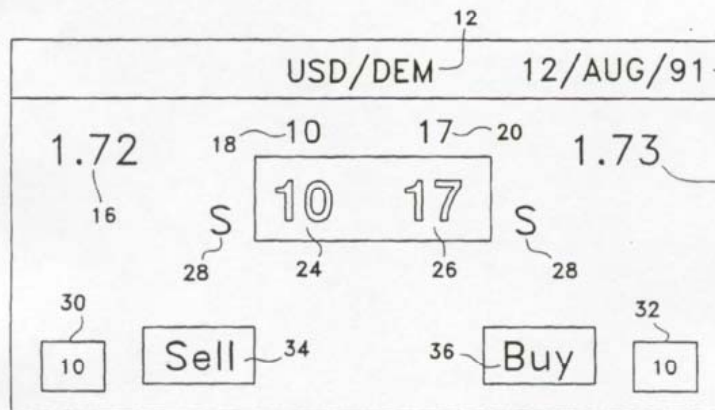
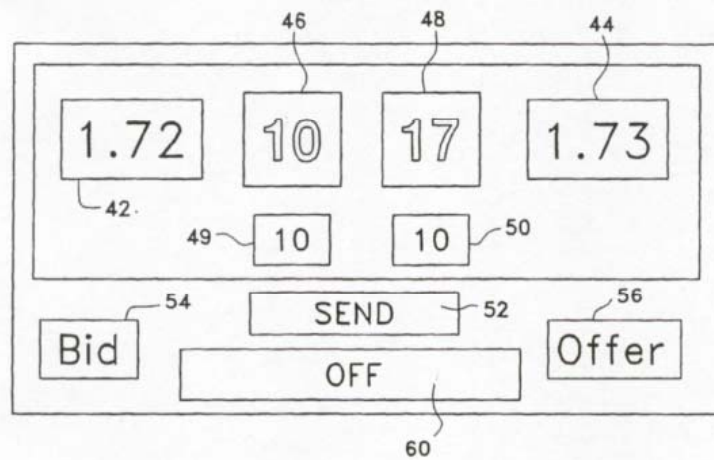


Fig. 3



# EP 625,275

- Credit Limit Administration means ... for automatically determining whether a predetermined level of credit is available between trading floors

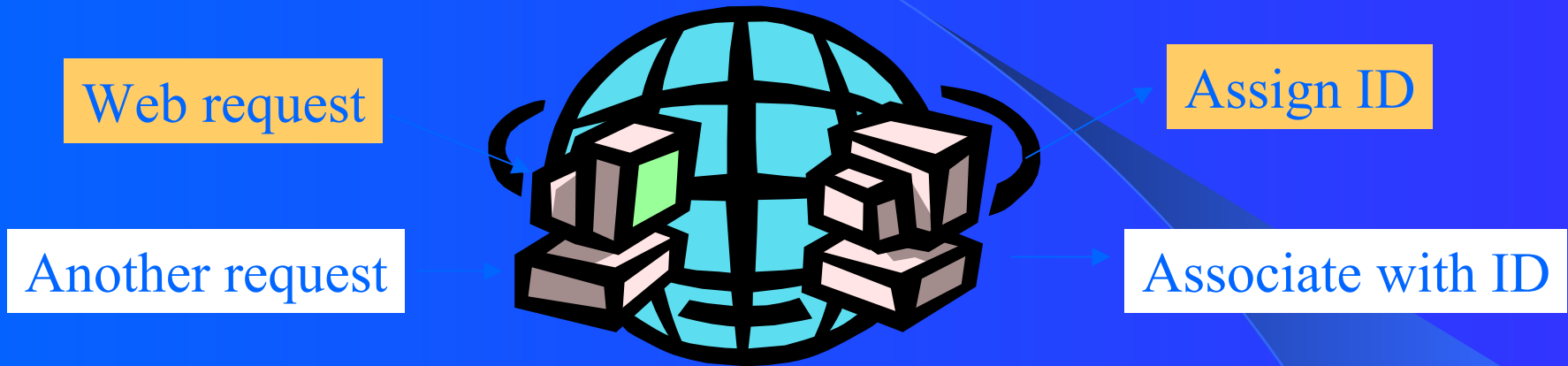
# EP 625,275

- Credit Limit Administration means ... for automatically determining whether a predetermined level of credit is available between trading floors
- Dealable price distribution means .....  
For automatically transmitting dealable price messages to terminals

# What if?

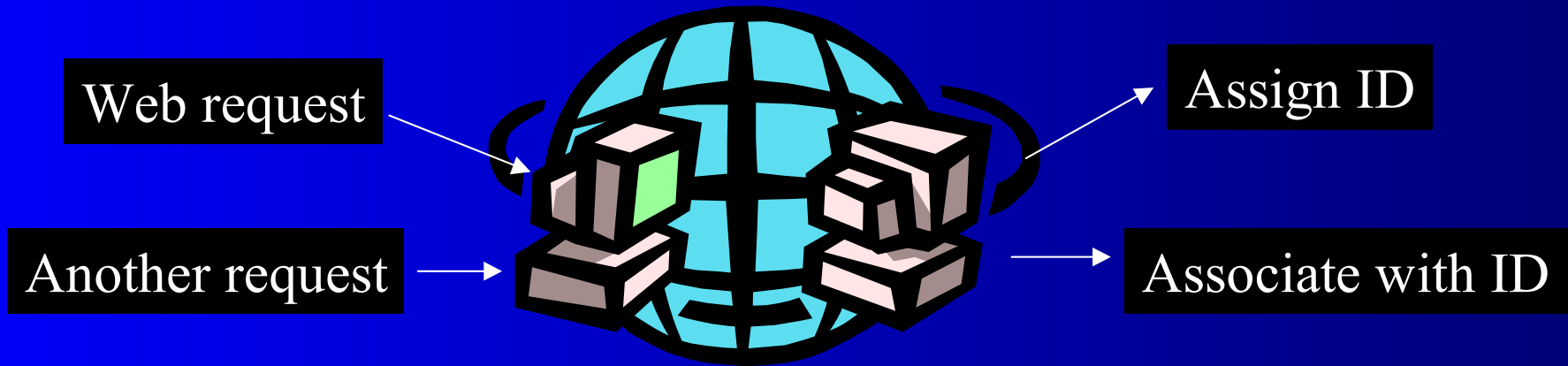
- The invention had been in the algorithm that calculated prices displayed on the screen?
  - Is it useful ?
  - Are there technical considerations?

# Example 2 – Web Tracking



- A method of tracking a web browser across a network of computers, comprising:
- identifying a first request from said web browser;
- assigning said web browser a unique identification code;
- conveying said unique identification code to a second server computer; and associating a second request from said web browser with said unique identification code.

# Example 2 – Web Tracking



- USA – new & useful result – tracking
- EPO – technical – ID and requests involve technical considerations – not just using computer for non-technical purpose

# Conclusions

- Almost anything is patentable in the US
- Much is patentable in the EPO and India but caution is necessary and careful drafting is essential

# The End