



Patents Act 1977: Patentable subject matter

1. This notice announces an immediate change in the way patent examiners will assess whether inventions are for patentable subject matter. The change results from the recent judgment of the Court of Appeal in the matters of **Aerotel Ltd v Telco Holdings Ltd (and others)** and **Macrossan's Application** [2006] EWCA Civ 1371 ("**Aerotel/Macrossan**").

Background

2. **Aerotel/Macrossan** is a single judgment covering two cases which both concerned the interpretation of section 1(2) of the Patents Act 1977 and its equivalent in the European Patent Convention (EPC), Article 52. The judgment was handed down on 27 October 2006.

3. The Court was clearly mindful of the desirability of consistency of practice across Europe, and took due account of the way that the courts of other EPC Contracting States and the Boards of Appeal of the European Patent Office (EPO) interpret these provisions. However, the Court decided not to follow EPO practice, which they did not consider to have stabilised sufficiently. Instead, the Court approved a 4 step test that had been proposed by the Office.

4. In reaching its judgment, the Court also fully considered all the precedent UK case law in this area. Following the principles discussed in, for example, **Colchester Estates (Cardiff) v Carlton Industries** [1986] 1 Ch 80, [1984] 2 All ER 601 and [1984] 3 WLR 693, the Office takes the view that **Aerotel/Macrossan** must be treated as a definitive statement of how the law on patentable subject matter is now to be applied in the United Kingdom (UK). It should therefore rarely be necessary to refer back to previous UK or EPO case law.

The New Test

5. The test approved by the Court comprises the following steps:

- (1) properly construe the claim
- (2) identify the actual contribution
- (3) ask whether it falls solely within the excluded subject matter

- (4) check whether the actual or alleged contribution is actually technical in nature.

The Court decided that the new approach provided a structured and more helpful way of applying the statutory test for assessing patentability which was consistent with previous decisions of the Court. This test will be applied by examiners with immediate effect.

Details of the new approach

6. The Court saw the first step, properly construing the claim, as something that always has to be done and involves deciding what the monopoly is before going on to the question of whether it is excluded. If, as can happen when dealing with applications from unrepresented applicants, examiners are faced with no meaningful statement of the monopoly sought, they will do their best to assess what it might be.

7. The Court equated the second step to identifying what the inventor has really added to the stock of human knowledge. The Court re-affirmed that in identifying the contribution, it is the substance of the invention that is important rather than the form of the claim adopted. Thus in the **Macrossan** case it held that the presence of conventional hardware elements in the claim did not change the contribution.

8. What the applicant alleges he/she has contributed is not conclusive and ultimately it is the actual contribution that counts. However, the Court acknowledged that at the application stage, it is quite in order to consider the third and fourth steps on the basis of the alleged contribution. Thus it will not always be necessary to conduct a search to identify the actual contribution before any objection can be raised. Accordingly, examiners will continue the existing practice of issuing a report under section 17(5)(b) that a search would not serve any useful purpose if the application seems to have little prospect of maturing into a valid patent and a search is not necessary for the purposes of the second step. The Office does not consider that informing decisions on filing abroad constitutes a “useful purpose” within the meaning of section 17(5).

9. The third step comprises deciding whether the contribution is solely unpatentable subject matter, ie matter listed in Article 52(2). The Court saw “solely” as merely an expression of the “as such” qualification of Article 52(3). Thus if the contribution falls wholly within one or more of the listed categories, it is not a patentable invention. If it falls partly within one or more of the listed categories and partly outside, it passes the third step.

10. If the invention passes the third step, one must then check whether the contribution is technical in nature. Of course it is not necessary to apply this fourth step if the invention has failed at the third, and the Court effectively acknowledged this, although it chose to apply it anyway in **Macrossan**.

Construing the list of excluded matter

11. In paragraph 12 of its judgment, the Court said that Article 52(2) is not a list of exceptions. Rather, it sets out positive categories of things which are not to be regarded

as inventions. Accordingly, the general UK and European principle of statutory interpretation that exceptions should be construed narrowly does not apply to them.

12. Adopting this approach, the Court of Appeal rejected the narrow interpretation afforded to the business method category by Mann J in the court below in the *Macrossan* [2006] EWHC 705 Ch. At paragraph 30 of his judgment, Mann J concluded that this category “is aimed more at the underlying abstraction of business method” rather than a tool or activity which might be used in a business activity. In rejecting that, the Court of Appeal decided that the categories in Article 52(2) are not limited to abstract things and that business methods are not limited to completed transactions. “Methods for doing business” will be interpreted by examiners accordingly in future.

13. The judgment leaves open the question of how to interpret the reference in Article 52(2) to a scheme, rule or method for performing a mental act. In paragraph 62 of its judgment the Court said it was doubtful as to whether this extended to electronic means of doing what could otherwise have been done mentally, but in the earlier case of **Fujitsu Limited’s Application [1997] RPC 608** the Court had expressed a different view. However, both comments were obiter, so the correct interpretation will remain uncertain until the point is decided by the courts. In the meantime, examiners will lean towards the view expressed in the current judgment, on the grounds that this is probably a better reflection of current judicial thinking.

14. Also left open is a question over permissible forms of claim: can claims to a computer program (or a program on a carrier) be allowable when other claims in a different form, claims covering the use of that particular program, would be allowed? In the past, the Office has allowed such claims on the basis that substance should prevail over form. Whilst the judgment maintains the emphasis on substance over form, it also characterises the first step as deciding what the monopoly is, and if the monopoly does not go beyond the program, the contribution is also unlikely to go beyond “a program for a computer”. Accordingly, whilst examiners will continue to assess each case on its merits, it seems likely that few claims to programs in themselves (or programs on a carrier) will pass the third test.

Benefit of the doubt

15. In paragraph 5 of its judgment, the Court makes it clear that whether an invention covers patentable subject matter is a question of law which should be decided during prosecution of the patent application. It is not a question on which applicants are entitled to the benefit of the doubt. Consequently examiners will assess the position fully and not simply drop objections merely because the applicant has managed to put up what at first sight may be a plausible argument that the invention relates to patentable subject matter.

16. As the judgment says, giving benefit of reasonable doubt at the application stage may still be appropriate if debatable questions of pure fact, not law, arise - for example, determining the date of a particular disclosure or the correct amount of common general knowledge to impute to the person skilled in the art. However, this is more likely to occur when considering novelty or obviousness, not patentable subject matter.

Effect of the new approach

17. It is the Office's view that the change in approach does not fundamentally change the boundary between what is and is not patentable in the UK although we recognise that there will inevitably be the odd case right on the boundary that may be decided differently under different tests. To illustrate this, the Office is issuing separately an assessment of how a sample of applications that were refused by hearing officers earlier this year would have fared under the **Aerotel/Macrossan** approach.

18. Furthermore, whilst that approach is different from the one currently adopted in the EPO (as exemplified by the Board of Appeal decision in Hitachi T 0258/03 we consider that the end result will be the same in nearly every case irrespective of whether the approach followed is the Court of Appeal's or that of the EPO. The Court suggested that the issue was one which might benefit from a reference to the Enlarged Board of Appeal.

Pending applications

19. If an application is currently in the examination process with an outstanding objection from the examiner under section 1(2), the examiner will re-assess the position in the light of **Aerotel/Macrossan** when the applicant replies to the last examination report. Given the Court's view that the new test is consistent with the precedents, it is likely that the examiner will conclude the objection still stands, but the reasoning for that conclusion may be different. Accordingly, in preparing their reply, applicants do not need to make a detailed response to arguments raised by the examiner based on what is now old case law. Instead, it would be helpful if applicants submitted their own assessment of how the invention fares under **Aerotel/Macrossan**.

20. If an application is currently either awaiting a decision of a hearing officer as to whether it is allowable under section 1(2) or awaiting a hearing on the issue, the Office will contact the applicant to give them an opportunity to submit new arguments based on **Aerotel/Macrossan**. The examiner may also be asked to make a fresh assessment.

Previous Practice Notices

21. This notice supersedes the following Practice Notices:

- **Patents Act 1977: Examining for Patentability** (29 July 2005)
- **Handling Patent Applications for Excluded Subject Matter** (8 February 2002)
- **Patents Act 1977: interpreting section 1(2)** (24 April 2002)
- **Claims to Programs for computers** (19 April 1999)

22. Other Practice Notices on the question of patentable subject matter still stand save as follows:

- **Patentability of games** (25 November 2005): Paragraph 4 is superseded by the present Notice. The rest of this Notice, which explained the comptroller would no longer rely on the Official Ruling 1926(A), still stands.

- **Patent applications relating to methods of doing business** (24 November 2004): This said the Office would bring appropriate cases to a hearing at an earlier stage and issue abbreviated decisions. This still stands, and indeed may become even more relevant now that **Aerotel/Macrossan** has simplified the approach.

23. Whilst they will be guided by the contents of this Notice, examiners and hearing officers will, as always, assess each case individually on its merits and take full account of any arguments advanced by the Applicant. Any enquiries about this notice should be sent to:

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Director of Patents
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