

## **ASSESSMENT OF NON-PATENTABLE SUBJECT MATTER AFTER *AEROTEL/MACROSSAN***

The UK Court of Appeal has recently ruled<sup>1</sup> on how to assess whether an invention is excluded from being patented under UK law because it consists of non-patentable subject matter.

Under UK law<sup>2</sup>, excluded inventions include, among other things, computer programs and business methods (which were the subject of this case). These are, however, only excluded in so far as the patent or application relates to that thing “as such”. The degree to which this exclusion is applied has been the subject of much debate at a UK and European level in recent years.

Although in general there is substantial agreement between the EP and UK Patent Offices regarding what is patentable, there have been decisions by the EPO that may be considered to conflict with the approach taken by the UK Patent Office. The UKPO is, however, bound only to follow rulings from the UK courts.

The Court of Appeal considered and summarised what it saw as the different approaches taken previously by the EPO and the UK Courts. Following the UKPO's suggestion, which was itself derived from recent UK case law<sup>3</sup>, the Court proposed a four-step test to be applied:

- (1) properly construe the claim;
- (2) identify the actual contribution of the invention to the art;
- (3) ask whether that contribution falls solely within the excluded subject matter;
- (4) check whether the actual or alleged contribution is actually technical in nature.

The Aerotel patent<sup>4</sup> related to a telephone exchange system in which calls were routed through a special exchange which determined a caller's credit via a user code. The Macrossan patent application<sup>5</sup> related to an automated method of acquiring the documents necessary to incorporate a company.

Applying this test to the Aerotel patent and the Macrossan application in turn, the Court decided that the former was patentable, while the latter was not. The Aerotel patent was seen to be more than just a business method, because the claimed invention related to a new system. The system involved a new arrangement of apparatus (involving a ‘special exchange’) and was therefore “technical”, i.e. did not solely consist of excluded subject matter. The Macrossan application, however, did not involve any new arrangement of hardware, as was admitted by the applicant. The invention was seen to comprise an interactive system which would do the job which otherwise would have been done by a

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<sup>1</sup> Aerotel v Telco and Macrossan's application [2006] EWCA Civ 1371, available at <http://www.bailii.org/ew/cases/EWCA/Civ/2006/1371.html>

<sup>2</sup> Patents Act 1977 section 1(2), intended to correspond to Article 52(2) EPC

<sup>3</sup> In the main, being that of CFPH's Applications [2005] EWHC 1589 (Pat), available at <http://www.bailii.org/ew/cases/EWHC/Patents/2005/1589.html>

<sup>4</sup> GB 2,171,877, granted in 1988 and now expired

<sup>5</sup> Application number GB 0314464.9, refused by the Patent Office in 2005

solicitor or company formation agent. Regardless of whether this was stated in generalised terms or as a specific activity, this was seen to be a method of doing business as such, and therefore excluded from being patented.

The decision thus overturned the lower High Court decision for Aerotel and approved the Patent Office and High Court rulings in relation to the Macrossan application.

The Court also reviewed previous decisions of the European Patent Office (EPO) Board of Appeal relating to non-patentable subject matter, finding them to be “mutually contradictory”. The Court considered that the time had come for matters to be clarified by an Enlarged Board of Appeal at the EPO, and suggested a number of questions that might be put forward:

- (1) What is the correct approach to adopt in determining whether an invention relates to subject matter that is excluded under Article 52?
- (2) How should those elements of a claim that relate to excluded subject matter be treated when assessing whether an invention is novel and inventive under Articles 54 and 56?
- (3) And specifically:
  - (a) Is an operative computer program loaded onto a medium such as a chip or hard drive of a computer excluded by Art.52(2) unless it produces a technical effect, if so what is meant by ‘technical effect’?
  - (b) What are the key characteristics of the method of doing business exclusion?

As acknowledged by the judge, the UK courts have no powers to demand that such questions be put to the Enlarged Board. However, the questions were posed “in the hope that there is a spirit of co-operation between national courts and the EPO”.

### *Advice*

The new four-step test appears to be a useful structured way of assessing whether an application is patentable, and is one that examiners at the UK Patent Office have commenced using as from November 2006. It is vitally important that some kind of technical contribution, i.e. an inventive advance outside the excluded areas, is present in the application as filed to support an argument of patentability before the UK Patent Office or Courts.

The four-step test may not be the last word on this matter. It has been announced that the House of Lords is to be petitioned for leave to appeal the ruling on the Macrossan application.

The information in this Newsletter was correct at the date of release. More up to date information is available by contacting Eric Potter Clarkson LLP. All comments contained here are of a general nature and full professional advice should be sought on any specific problem.

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