Patents

EPO Enlarged Board Clarifies Software Patentability While Dismissing EPO Referral

While the American patent community anxiously awaits a U.S. Supreme Court decision on the scope of patentable subject matter, a May 12 decision by the Enlarged Board of Appeal of the European Patent Office on a similar issue has gone largely unnoticed.

The Enlarged Board's opinion addressed four questions referred to it by the EPO, including whether a claim drawn to a computer software program—statutorily ineligible for patenting on its own—can become patent-eligible by including a computer or storage medium in the claim. While the board essentially dismissed each of the questions as improvidently referred, it cited with approval controlling case law that grants eligibility to such claims on the one hand, while denying patentability for lack of an inventive step on the other.

The "machine-or-transformation test" for patentability at issue before the Supreme Court in *Bilski v. Kappos*, No. 08-964 (U.S., *argued* Nov. 9, 2009), is generally assumed to allow a business method—which in most cases is an algorithm readily replicated in a computer program—to be potentially patent-eligible under Section 101 of the Patent Act so long as the method is implemented on a computer.

Structure and History of the Referral

The European Patent Convention created the intergovernmental European Patent Organisation in 1977, now with 37 member states. The European Patent Office is the executive arm of the European Patent Organisation.

There are 26 technical boards of appeal for EPO decisions. The boards of appeal are independent of the patent office and are bound only by the EPC. To ensure uniform application of the law, a question can be referred to the Enlarged Board, either by a board of appeal or by the president of the patent office.

In the instant case, the appeal to the Enlarged Board was spurred by an October 2006 decision in the United Kingdom Court of Appeals. *Aerotel Ltd. v. Telco Holdings Ltd.* and *Macrossan v. Comptroller General of Patents Designs and Trade Marks*, [2006] EWCA Civ 1371, Oct. 27, 2006.

Writing for the *Aerotel/Macrossan* court, Lord Justice Jacob identified "mutually contradictory" decisions by EPO boards of appeal on determining "patentable inventions" under EPC Articles 52(2) and 53. Art. 52(2)(c) excludes from patentability " schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers."

Citing five different approaches to patentability as applied to computer-implemented inventions, Jacob asked the EPO head at the time to refer several questions to the Enlarged Board.

On Oct. 22, 2008, then EPO Director Alison Brimelow referred the following questions:

- Question 1: Can a computer program only be excluded as a computer program as such if it is explicitly claimed as a computer program?

- Question 2: (a) Can a claim in the area of computer programs avoid exclusion under Art. 52(2)(c) and (3) merely by explicitly mentioning the use of a computer or a computer-readable data storage medium? (b) If Question 2(a) is answered in the negative, is a further technical effect necessary to avoid exclusion, said effect going beyond those effects inherent in the use of a computer or a data storage medium to respectively execute or store a computer program?

- Question 3: (a) Must a claimed feature cause a technical effect on a physical entity in the real world in order to contribute to the technical character of the claim? (b) If Question 3(a) is answered in the positive, is it sufficient that the physical entity be an unspecified computer? (c) If Question 3(a) is answered in the negative, can features contribute to the technical character of the claim if the only effects to which they contribute are independent of any particular hardware that may be used?

- Question 4: (a) Does the activity of programming a computer necessarily involve technical considerations? (b) If Question 4(a) is answered in the positive, do all features resulting from programming thus contribute to the technical character of a claim? (c) If Question 3(a) is answered in the negative, can features resulting from programming contribute to the technical character of a claim only when they contribute to a further technical effect when the program is executed?

Board Clarifies Computer Program Patentability

The Enlarged Board ruled that each question was inadmissible because of a lack of "divergence" in the case law. In each instance where the referral identified a conflict between case opinions, the Enlarged Board held that the conflict represented at most a "difference" rather than a "divergence," either because one case was decided later and superseded the earlier one or because the difference represented merely development of jurisprudence on an issue.

But in its analysis, the Enlarged Board made a few clarifying rulings. Most significantly for *Bilski* watchers, the

Enlarged Board addressed whether a patent-ineligible method as embodied in a computer program is patentable when, in *Bilski* terms, it is tied to a machine in the form of a computer.

The Enlarged Board conceded that a computer program claim that explicitly mentioned the use of a computer or a computer-readable storage medium would be patent eligible under Articles 52(2) and 53. It cited T 424/03, *Microsoft Corp.*, 23 February 2006, as the most recent controlling case on that question.

But, the Enlarged Board also said that "a claim which specifies no more than 'Program X on a computer-readable storage medium,' or 'A method of operating a computer according to program X,' will always still fail to be patentable for lack of an inventive step under Articles 52(1) and 56 EPC. Merely the EPC article applied is different."

"Inventive step" in EPC terminology roughly parallels nonobviousness in U.S. patent law. The opinion further noted with approval the decision by EPO Technical Board of Appeal 3.5.01 in T 154/04, *Duns Licensing Associates L.P.*, OJ EPO 2008, for its "elaborate system for taking [the effect of being on the list of excluded subject matter in Art. 52(2)] into account in the assessment of whether ... an inventive step has been developed."

"[T]he list of 'non-inventions' in Article 52(2) EPC can play a very important role in determining whether claimed subject-matter is inventive," the Enlarged Board said in summary.

Suggestions, Criticism from U.S. Patent Community

Blake Reese of Milbank, Tweed, Hadley & McCloy, New York, seized on the Enlarged Board's acceptance of the reasoning in *Duns*. "From that, throughout Europe, practitioners should expect that novelty and inventive step for their inventions will be limited to only those aspects found to have technical features," he told BNA.

"In other words, software innovators should be wary of filing for patents in Europe that use known architecture to implement novel, but non-technical aspects," Reese explained.

"The decision brings greater certainty and likely future consistency and uniformity across Europe under the 'technical solution to a technical problem' methodology of current EPO practice," according to James D. Hallenbeck of Schwegman, Lundberg & Woessner, Minneapolis. "Following the decision by the Enlarged Board of Appeal, it is advisable that applicants desiring patent protection across Europe more vigorously evaluate the technical nature of their innovations and the problems they address," he told BNA.

But, citing the "economic significance of computer-implemented inventions," Hallenbeck criticized the EPC approach. "The European methodology requiring a technical problem be solved fails to acknowledge the importance of such innovations in the progress of commerce that helps sustain and fuel economic growth of which, in view of the United States, European, and global economies, we are in dire need," he said.

"Thus, even though the Enlarged Board of Appeal decision is likely to bring consistency and conformity and thereby predictability to the European patent system, the affirmed technical solution to a technical problem methodology is still deficient by failing to embrace the full potential of innovation possible with regard to computer implemented inventions," Hallenbeck argued.

"The patent system of Europe will therefore continue to fail the European economy as a whole by failing to fully promote progress in the computer arts in all possible directions," he said.

By Tony Dutra

Opinion at http://pub.bna.com/ptcj/EBoA000308May12.pdf

EPO Referral at http://pub.bna.com/ptcj/EPOReferralOct22.pdf

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