

Clarity on patentability in Australia!

Dr Sudhanshu Ayyagari, Wednesday 15th July 2020

Over the past decade, the Australian patent law and practice in relation to the patent-eligibility of software, covered business methods and gaming related inventions has been in a state of flux. In the absence of a legislative change, the Australian courts, and the patent office have been very proactive in providing much needed guidance on the requirements for patentability. As we have reported in our previous two-part series on software patentability in Australia, the Australian stand-point, based on some high-level court decisions¹ has been very similar to the approaches being followed by the practitioners in the US and Europe².

In this article, we explore some recent Australian patent office decisions on covered business method and gaming related patents, which appear to provide clarity and a glimmer of hope for innovators operating in this domain. In this article, we also outline what steps the Applicants should take to increase the chances of success for patenting their inventions in this domain.

Patentability of a B2B payment system

Traditionally, payment systems have used a reference number to associate a payment with the correct financial document. In these systems, a payee was required to match the details of the payment (such as the date, payment amount, payer name), with details on the bank statement. However, a major limitation of these systems was that the payment and details would arrive at the payee separately, and with a delay. In addition, as the bank statements are often limited to a few fields, conducting business-to-business transactions has been difficult.

In *Jagwood Pty Ltd* [2020] APO 38, the patent office considered a new system for reconciling electronic payments. In Jagwood's application, the Applicant presented that their invention overcame the above limitations by using a Uniform Resource Identifier (URI) in the reference number field linking to the financial document³. Jagwood's invention was summarised by the following four steps⁴:

Step 1. Payer uploads financial document to a server which is assigned a URI.

1 S. Ayyagari, Patentability in Australia, p38-40, Intellectual Property Magazine October 2020.

2 S. Ayyagari, Patentability in Australia, p40-41, Intellectual Property Magazine November 2020.

3 *Jagwood Pty Ltd* [2020] APO 38, [14].

4 *Ibid* [21].

Step 2. Payer puts URI into the reference field and makes payment via an electronic payment system.

Step 3. Payee receives the payment via electronic payment system with the URI link to the financial document.

Step 4. Payee opens the financial document to see what the payment is for.

Breaking down the invention from a technical and a non-technical perspective

In their submission, Jagwood presented that:

- i. the computer was integral to the invention;
- ii. the invention was not an abstract concept (i.e., there wasn't any "pen-and-paper" or "old-school" solution);
- iii. the improvement to the system was at the level of the computer architecture;
- iv. the computer elements were configured in a new and advantageous way; the result of the invention was in business realm, but the substance was in the technical realm;
- v. the business methods are not inherently less patentable than other inventions;
- vi. the method of applying a known thing to a new and useful purpose is patentable;
- vii. the invention overcame "bandwidth problem" with a technical solution;
- viii. the invention overcome "matching problem" with a technical solution.

The delegate in their decision agreed with points 1, 2, 5 and 6 above. However, in relation to points 3 and 4, the Delegate deferred to points 7 and 8 and noted that the invention can be viewed from both a technical and non-technical perspective (mirroring an approach followed by the European examiners). The delegate in particular noted that⁵:

"[t]he substance of the invention could be considered a convention for naming the location of documents which provides a non-technical solution, and

[t]he use of an identifier (specifically a URI) to have the dual purpose of supplying both the location of a financial document and the payment reference in an electronic payment system, provides a technical solution to identified problems (the 'bandwidth problem' and the 'matching problem')."

In consistency with the recent Aristocrat decision⁶, in which the court refrained from stripping the claim down to an abstract idea, the Delegate noted that non-technical solution approach in Jagwood's case was 'unsatisfying' as it 'reduced the invention to an abstract idea by overlooking the necessary elements⁷. Instead, the Delegate considered that the invention provided a technical solution by providing a new electronic payment system that is inexorably intertwined with the computing and networking systems⁸.

Consequently, the Delegate ruled in favour of patentability of the invention noting that: "[t]he substance of the invention is not an improvement in the computer technology itself, and instead the improvement lies in how the computer technology is used."⁹ The delegate's reasoning in this case reinforces that reducing an invention down to an abstract idea by overlooking its technical implementation is not permissible, even if the invention relies on using a generic computer device.

Patentability of a gambling scheme

Traditionally, roulette games included layouts with double-zero (00) space that shared a boundary with the spaces 2 and 3 (as shown in Figure 1a below). In Crown Melbourne Limited [2020] APO 47, the patent office considered patent-eligibility of a new layout for a roulette game where the 00 space did not share a boundary with the 2 and 3 spaces (shown in Figure 1c).

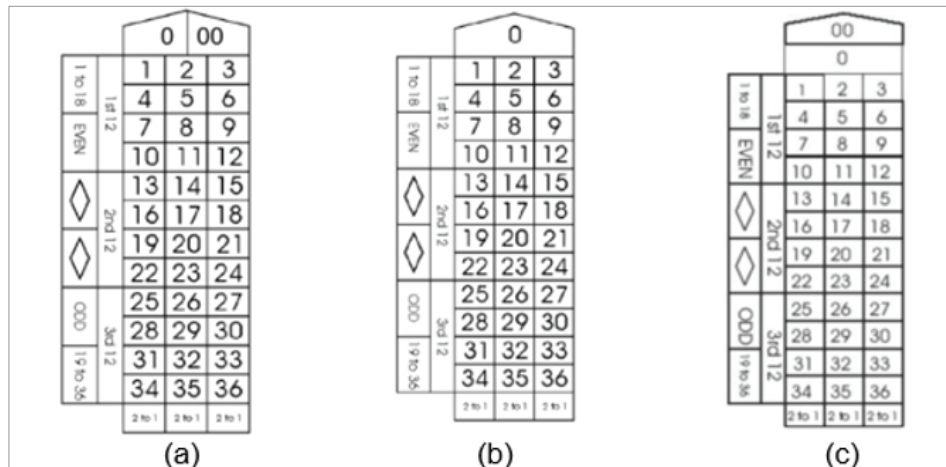
5 Ibid [78] – [79].

6 Aristocrat Technologies Australia Pty Limited v Commissioner of Patents [2020] FCA 778.

7 Jagwood (n 1) [81].

8 Ibid 82.

9 Ibid [90].



Crown Melbourne Limited, owner of the Crown casinos presented that their new layout provided an advantage in that: it could accommodate for more betting options that are not available in the original double-zero games, and easily transition the players accustomed to a single-zero game (Figure 1b) to a layout with a 00 space, giving the house an extra edge.

Figure 1(a)-(c) taken from AU 2018219972; Figure 1(a) traditional double zero roulette layout; 1(b) traditional single zero layout; 1(c) Crown Melbourne's new roulette layout.

The patent Application included claims directed to:

1. the new table layout (as Figure 1c);
2. a roulette wheel with a new pocket number sequence; and
3. a method for playing roulette including the steps of placing wagers on a table layout and introducing a ball to the spinning Roulette wheel.

At the crux of this case was patent-eligibility of Crown Melbourne's claims which was contested by the Examiner, despite finding that the claims were both novel and inventive.

Crown Melbourne's representatives in an Appeal provided that the above claims served a mechanical function because the invention accommodated for an extended possibility of placing bets by the laying down more gaming chips onto the table layout.¹⁰ It was also submitted by Crown Melbourne's representatives that the subject invention presented

a technical contribution as information is located in a particular position (by virtue of the claimed physical elements which comprise individual numbered wagering spaces for accommodating indicia) and the functionality is generated by the use of this positional location to improve the gaming machine.¹¹

Technical or mechanical benefit

In his summation, the Delegate agreeing with the examiner commented that Crown Melbourne's invention, in its form, was not an abstract idea or scheme, given that the claims defined a physical apparatus. However, the substance of the invention, being a layout of wagering spaces is no more than an abstract idea or scheme.

The Delegate's reasoning of the above was based on the analysis that new layout did not provide any mechanical or technical benefit and therefore was not a manner of manufacture. In addition, Crown Melbourne's submissions on other main physical feature of the claims, including the roulette wheel, were also rejected as the Delegate noted that the variation to the wheel was limited to the pocket numbering and there was no working relationship between the wheel and the table layout¹².

The Delegate's submission above reinforces that for a gaming-related invention to pass the patent-eligibility test, there should be some mechanical or technical benefits solved by the invention which would at least be more than an economic advantage.

¹⁰ Crown Melbourne Limited [2020] APO 47 (16 October 2020).

¹¹ Ibid [44].

¹² Ibid [49].

Observations and practical guidance

Taking into account the learnings from these recent decisions in Australia, some practical guidance/ insights when drafting patent applications for business methods and gaming-related inventions could be that:

- start with setting a scene for a technical story by detailing the technical contribution and technical advantages overcome by the invention in light of the existing prior art;
- focus on how the invention works and what technical or mechanical advantages it brings (e.g., improved computing speed, efficiency, reliability, reduction in memory, improvement of mechanical function and utility etc.);
- focus on describing how an improved technical functionality of the computer or business method or a gaming technology can be achieved by the interaction between the hardware, firmware or software components used in carrying out the invention
- minimise discussion of business and commercial features/advantages - as these will at best act as a distraction and at worst provide an impression that the invention may be non-technical in nature;
- demonstrate that the inventive concept lies within the computerisation itself, rather than what the end result of that computerisation is; and
- in cases where the individual steps are “well known,” emphasize that the combination of these steps (i.e., the claimed process) is far from routine and/ or conventional.

Conclusions

Although from these decisions, it appears that obtaining broad protection for certain technologies is becoming difficult, it is still apparent that there are a number of areas in which business method patents and gaming related inventions remain patentable inventions in Australia.

In light of the above developments, while coming up with an IP strategy, it seems prudent for any inventor/ company to think critically about whether their inventions will pass the above threshold and prepare themselves accordingly. As discussed earlier in our two-part series, if it is determined that the patentability threshold cannot be met, the Applicants could rely on adopting to other protection measures such as design patents (for protecting unique user interface and/ or user experience), trade secrets, copyright, technology transfer or licencing or confidentiality agreements to exploit their invention.

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