COMPUTER-IMPLEMENTED BUSINESS METHODS: PATENTABLE?

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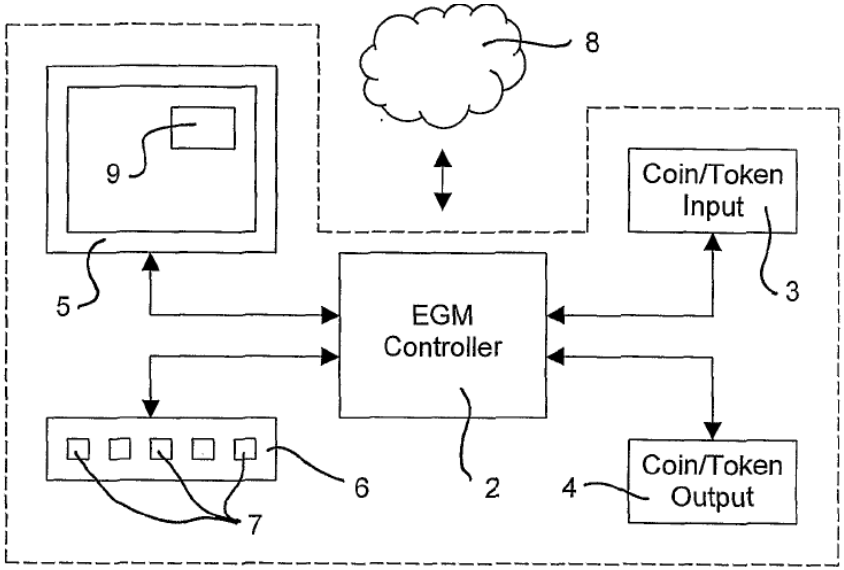
Patentability of Computer-implemented Business Methods – A Recap

- Last year's presentation considered Australian cases on patentability of computer-implemented business methods:-
  - *Research Affiliates v Commissioner of Patents* (Federal Court)
  - *RPL Central v Commissioner of Patents* (Federal Court)
  - *Dynamite Games v Aruze Gaming Australia* (Federal Court)



Research Affiliates v Commissioner of Patents

- Two patent applications for 'index-generation' method for weighting an investment portfolio.
- Refused by Patent Office on basis of non-patentable subject matter in December 2010 and December 2011.
- Decision upheld by Federal Court in April 2013.
- Appealed by Research Affiliates to Full Federal Court.

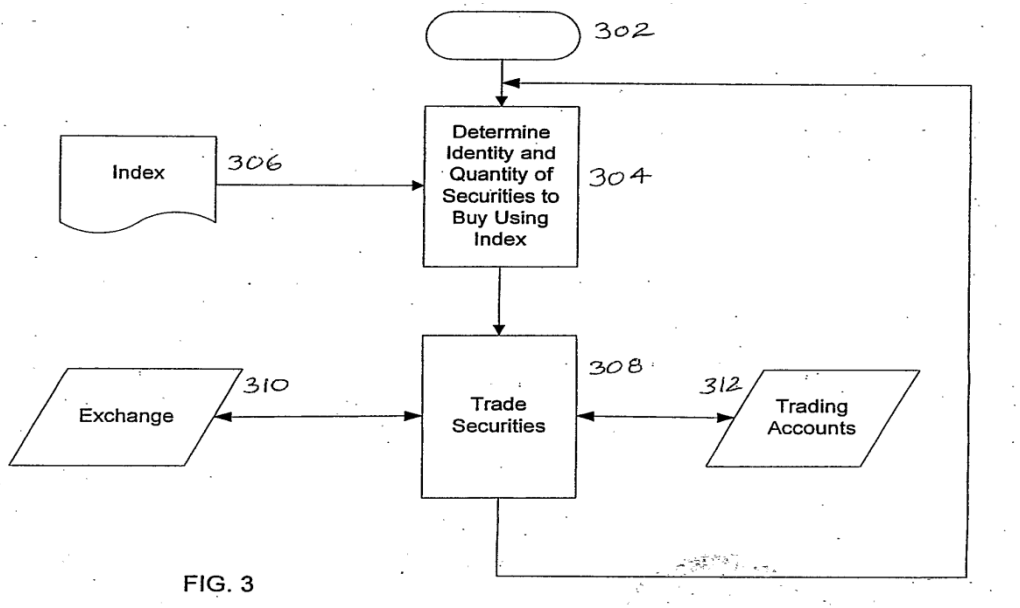
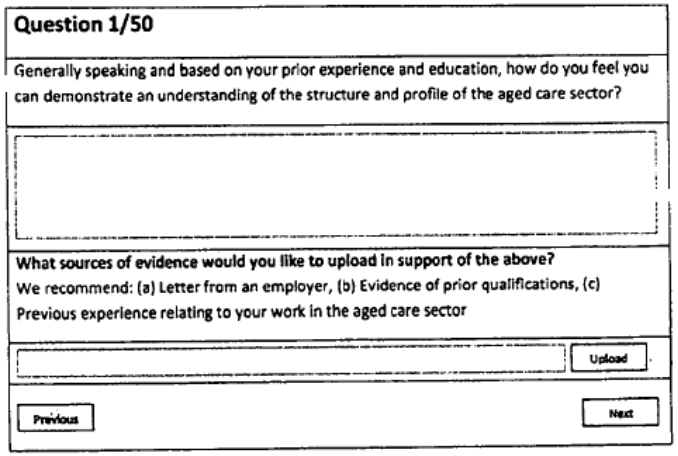
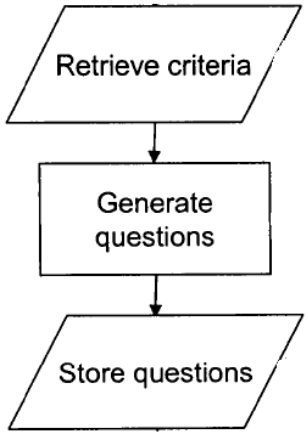


FIG. 3

RPL Central v Commissioner of Patents

- Application for a method of gathering evidence for assessing an competency relative to a qualification standard, and a computer system for doing so.
- Refused by Patent Office on basis of non-patentable subject matter in July 2011.
- Patent Office decision overturned by Federal Court in August 2013
- Appealed by Patent Office. Appeal deferred pending FFC decision in *Research Affiliates* which is thought might be determinative.





The Global Context: Australian consideration of *Alice v CLS Bank (US)*

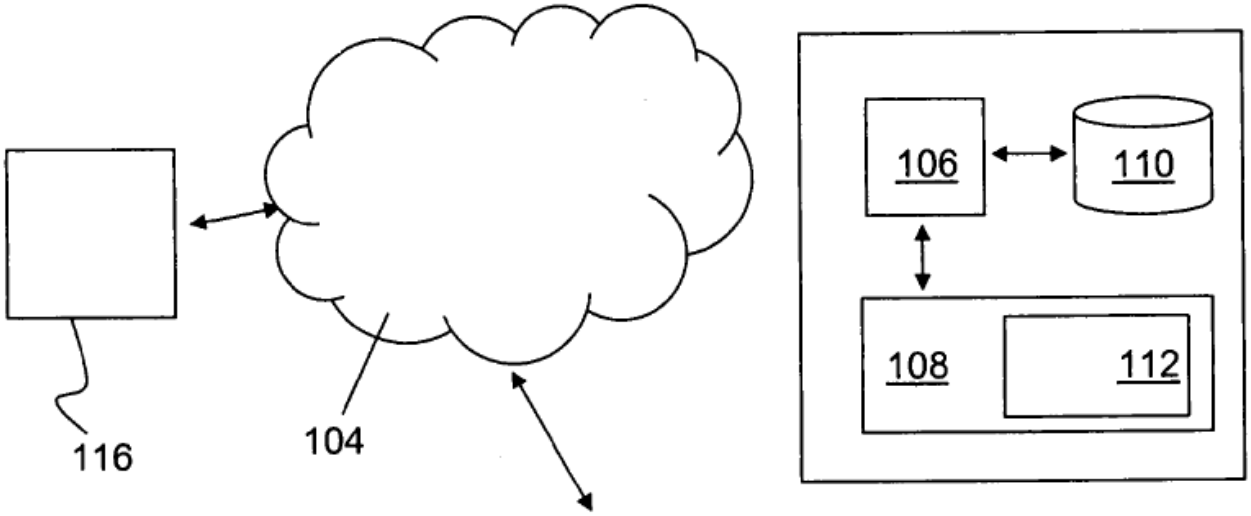
- Four patents for electronic methods and computer programs for financial-trading systems used to reducing trading risks.
- In July 2014 the US Supreme Court unanimously held the claims were not directed to a patent-eligible subject matter, applying test in earlier *Mayo v Prometheus* decision:-
  - Directed to a patent-ineligible subject matter: an 'abstract idea'.
  - Not "*significantly more*" than the abstract idea itself as the claims "*amounted to nothing 'significantly more' than an instruction to apply the abstract idea of intermediated settlement using some unspecified, generic computer*".
- Result: computer implemented business methods without significant involvement of computer unpatentable and granted patents unenforceable.
- Reported to have rendered 100,000's of US patents useless.

Research Affiliates Full Court Decision

- In November 2014, Full Federal Court unanimously affirmed Emmet J's decision, holding:-
  - An invention is to be understood as a matter of substance and not merely a matter of form. Emphasis placed on understanding theinvention, rather than merely assessing claim language.
  - Distinction drawn between mere implementation of an abstract idea or scheme in a computer, and the implementation of an abstract idea that creates an improvement in a computer.
- Having found that the substance of the Research Affiliates' invention was a 'scheme' or 'index', an abstract idea to which the computer implementation is unrelated, the Court held that it was unpatentable.
- No application for special leave made to the High Court.
- Positive comments regarding first instance decision in RPL Central.

RPL Central before the Full Court

- *RPL Central* heard by the Full Court on 7 May 2015.
- Same bench of judges as *Research Affiliates.*
- Patent Office arguing for adoption of assessment of patentability in accordance with *Alice Corporation.*
- Decision expected this year.
- Possible appeal to the High Court foreshadowed.



Implications

- Full Federal Court decision in *Research Affiliates* provides guidance for patentees as to the patentability of software and the level and nature of disclosure required for computer-implemented business method patents in Australia.
- Awaiting further Full Court guidance in *RPL Central* on arguably much more patentable invention. Expected affirm patentability but with higher standard of disclosure.
- Patenting of software and business methods remain possible and commercially valid.
- Increase patenting by US Companies in Australia looking to avoid *Alice*.