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INTELLECTUAL PROPERTY AND TECHNOLOGY UPDATE

Further decision re-opens the door on business method and computer program patents

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Australia's Federal Court has handed down another decision with significant implications for the patentability of business method, software and computer-implemented inventions.

In *RPL Central Pty Ltd v Commissioner of Patents*, Justice Middleton of the Federal Court held that a computer implemented method of gathering information to assess a person's competency against a qualification standard was patentable.

IMPLICATIONS OF THE DECISION

- The decision is much more favourable to patent applicants than the recent decision of Justice Emmett in Research Affiliates LLC v Commissioner of Patents, where it was held that mere generation and storage of data in a computer was not be enough to create patentable subject matter.
- The decision indicates that the requirement for a "physical effect" to be present to give rise to patentable subject matter can be met by the transfer and transformation of data in a computer.
- The court rejected the argument that the required physical effect must be "substantial" or "central to the purpose" of the invention.
- The court dismissed the concern that such a decision would allow previously unpatentable schemes and methods to become patentable merely by the operation of the method on a computer.
- Although not essential to the decision, it suggests that a court will look more favourably on a patent specification which details how the invention is implemented by computer, and which inextricably links the operation of the computer to each step of the claimed method.

THE INVENTION

The patent related to a method of gathering evidence for the purpose of assessing an individual's competency relative to a qualification standard. The patent also claimed a computer system for doing so.

- A computer retrieving from the internet a set of criteria for assessment against a qualification standard;
- The computer processing the criteria to generate a set of questions to assess an individual's competence against the criteria;
- An assessment server presenting the questions to the computer of the individual requiring assessment; and
- Receiving responses from the individual, including attached files from their computer.

The method was primarily directed at enabling individuals to assess their eligibility for a grant of Recognition of Prior Learning (RPL) from recognised training institutions.

THE COURT'S DECISION

In reaching its decision, the court referred to the well-established principle that for patentable subject matter to exist there must be "an artificially created state of affairs", which must have value in a field of economic endeavour. It was also noted that there was a need for a "physical effect" in the sense of a concrete effect or phenomenon or manifestation or transformation.

In deciding that the invention was patentable, the court found that:

- the invention had value in the field of economic endeavour as it overcame difficulties in seeking out relevant training providers and enabling the recognition of prior learning;
- the involvement of the computer was described in the claims of the patent in such a way that it was "inextricably linked" to the invention;
- the patent specification provided significant information as to how the invention is to be implemented by computer, including the programming of the computer that retrieves the assessment criteria and generates the questions, and the programming of the assessment server to present the data to a user;
- each of the steps of the method required or involved a computer generated process, and accordingly, there were a number of physical effects which occurred in implementing the invention;
- the generation of questions and presentation of these questions to a user creates "an artificially created state of affairs" in their computer (in that there is a retrieval and transfer of data into questions, and a corresponding change in state or information in a part of a machine); and
- there was no requirement that the "physical effect" produced be substantial or central to the invention.

The Commissioner of Patents had submitted that if the "physical effect" requirement could be satisfied merely by operation of a method on a computer, then many previously patentable schemes and methods would become patentable subject matter. Justice Middleton agreed with previous decisions that this was not a valid objection, and that each case must be assessed on its own merits in light of the relevant circumstances.

Many aspects of this decisions sit very uncomfortable with the Federal Court's decision in *Research Affiliates LLC v Commissioner of Patents*, handed down in February this year. Our update on this decision can be found here. In *Research Affiliates*, Justice Emmett held that a computer-implemented method of generating an index for weighting an investment portfolio was not patentable on the basis that the generation of computer file containing the index did not create "an artificially created state of affairs" as the index was mere data.

The hearing in *RPL Central Pty Ltd v Commissioner of Patents* was held before the decision in *Research Affiliates* was handed down. In the closing paragraphs of *RPL Central*, Justice Middleton comments on Justice Emmett's decision in *Research Affiliates*. Justice Middleton points out that Justice Emmett appeared to be influenced by two factors:

- the same concern expressed by the Commissioner of patents in RPL Central, that is, that if the mere operation of a method by computer created patentable subject matter, any computer-implemented scheme would become patentable merely by reason of being implemented on a computer; and

- the patent specifications in Research Affiliates contained virtually no substantive detail about how the method was to be implemented by a computer.

Justice Middleton distinguishes *RPL Central* from *Research Affiliates* on the basis that the specification in *RPL Central* provides significant information about how the invention is to be implemented. However, this distinction does not seem to have influenced Justice Middleton's ultimate conclusion in any way, as this was based on the finding that the transfer and transformation of data in a computer provided the required "physical effect". Therefore the underlying reasoning of the two decisions seems to be contrary, and significant uncertainty still remains.

THE FUTURE

The decision in *Research Affiliates* is currently under appeal to the Full Federal Court. A decision of the Full Federal Court will give more guidance on the patentability of computer implemented methods. It remains to be seen whether the decisions in *RPL Central* will also be appealed.

MORE INFORMATION

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