

## **PATENTS ACT 1977**

IN THE MATTER OF GB Patent

Application No 9919949.9 in the  
name of Dell USA LP

### **DECISION**

1. Application number 9919949.9 was filed on 23 August 1999, claiming a priority date of 22 September 1998 based on a United States application. It was published on 24 May 2000 bearing the number GB2343972.
2. During substantive examination, the examiner raised objections to plurality of invention, novelty, inventive step and patentability. The application was amended in such a way as to satisfy the examiner that the objections of plurality, novelty and inventive step were met, but maintained his objection to patentability, arguing that the application related to a method of doing business, and was therefore contrary to Section 1(1)(d) by reason of the exclusion under Section 1(2)(c) of “a scheme, rule or method for performing a mental act, playing a game or doing business”.
3. The application as filed was entitled “Method and apparatus for providing customer configured machines at an internet site”. However, successive amendments to the claims have modified the terminology so that the latest set of claims refer to “a web-based on-line user interface for enabling a user to custom configure a computer system” and “a method for the custom configuration of a computer system”. The amendments have not persuaded the examiner to change his views, and as a result the matter came before me on 31 August 2001 at a hearing attended by Dr T Watkin of Lloyd Wise, Tregear & Co.

## The application

4. The application relates to an internet web-site which permits a user to specify computer equipment and place an order for the system so specified. In the course of specifying the system, the user indicates which of a number of sets the user belongs to; in the version described, this means specifying whether the user is a business user or a personal user. Once the user has selected various items in the system, including the processor, the form and size of memory and hard drive, and the monitor, the web-site detects any incompatibility between items selected and warns the user accordingly. The web-site also determines the lead time of each of the items selected and compares these with acceptable lead time for the set in which the user falls, issuing a warning if any of the lead times are greater than an acceptable lead time for that set.
  
5. The applicants have currently supplied two sets of claims. The first set is that which they prefer, but a second set of “auxiliary claims” have been provided which they are prepared to fall back on if necessary. I shall quote the preferred independent claims in full:
  1. A web-based on-line user interface for enabling a user to custom configure a computer system, the interface comprising:
    - a means for determining which of a number of prescribed sets the user belongs to;
    - a configurator for configuring a computer system with options selected according to a prescribed user input, the configurator including a configuration web page for displaying the selected options and pricing of the options selected;
    - a warning indicator including a system option compatibility warning indicator for providing a system compatibility warning upon the detection of a

second option selected as per the prescribed user input which is incompatible in connection with a first option of the configured computer system;

a web page for temporarily storing the details of the configured computer system;

a checkout for presenting payment options and for obtaining payment and delivery information, the checkout including a checkout web page;

a database for dynamically supplying configuration options to the configurator, the configuration options supplied by the database being dependent upon the set in which the user is determined to belong, the configuration options determining the options and pricing displayed on the configuration web page; and,

a lead time warning module for determining, based on the set in which the user is determined to belong, an acceptable lead time, comparing the lead time for each of the selected options with the acceptable lead time for the set in which the user is determined to belong, and providing a warning indicator for indicating an option for which the lead time is greater than the acceptable lead time for the set in which the user is determined to belong.

20. A method for the custom configuration of a computer system via a web based on-line user interface, the method comprising:

determining which of a number of prescribed customer sets the user belongs to;

providing a configuration for configuring a computer system with options selected according to a prescribed user input, the configurator including a configuration web page for displaying the selected options and pricing of the options selected;

providing a warning indicator including a system option compatibility warning indicator for providing a system compatibility warning upon the detection of a second option selected as per the prescribed user input which is incompatible in connection with a first option of the configured computer system;

providing a cart, including a cart web page, for temporarily storing the details of the configured computer system;

providing a checkout for presenting payment options and for obtaining payment and delivery information, the checkout including a checkout web page; and,

providing a database for dynamically supplying configuration options to the configurator, the configuration options supplied by the database being dependent upon the set in which the user is determined to belong, the configuration options determining the options and pricing displayed on the configuration web page, the method further including the step of determining, based on the set in which the user is determined to belong, an acceptable lead time, comparing the lead time for each of the selected options with the acceptable lead time for the set in which the user is determined to belong, and providing a warning indicator for indicating an option for which the lead time is greater than the acceptable lead time for the set in which the customer is determined to belong.

39. An on-line interface for enabling the custom configuration and pricing of a computer system via a web site on the Internet by an Internet user, the interface comprising:

configurator means for configuring a computer system with options selected according to a prescribed user input, the configurator means including a configurator web page;

means for pricing the personal computer configured by the configurator;  
and

means for providing a warning upon the detection of an option which is subject to adversely impacting a shipment of the configured computer system, including a lead time warning in connection with an option which is subject to incurring a lengthened lead time for shipment for the configured computer system which is greater than a prescribed lead time, the prescribed lead time being in accordance with an identification of the user belonging to a prescribed set, and an option compatibility warning for providing a system compatibility warning upon the detection of a second option selected as per the prescribed user input which is incompatible in connection with a first option of the configured computer system.

6. The auxiliary claims are similar, but contain no reference to pricing or, in the case of claim 1, to the checkout.

### **The law**

7. The examiner has argued that the application is invalid by reason of Section 1(1) which reads:

A patent may be granted only for an invention in respect of which the following conditions are satisfied, that is to say -

- (a) the invention is new;
- (b) it involves an inventive step;
- (c) it is capable of industrial application;
- (d) the grant of a patent for it is not excluded by subsections (2) and (3) below;

and references in this Act to a patentable invention shall be construed accordingly.

8. In particular, he has directed attention to Section 1(1)(d), and its reference to Section 1(2), which reads:

It is hereby declared that the following (among other things) are not inventions for the purposes of this Act, that is to say, anything which consists of -

- (a) a discovery, scientific theory or mathematical method;
- (b) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;
- (c) a scheme, rule or method for performing a mental act, playing a game or doing business, or a program for a computer;
- (d) the presentation of information;

but the foregoing provision shall prevent anything from being treated as an invention for the purposes of this Act only to the extent that a patent or application for a patent relates to that thing as such.

9. These provisions are designated in Section 130(7) as being “so framed as to have, as nearly as practicable, the same effects in the United Kingdom as the corresponding provisions of the European Patent Convention, the Community Patent Convention and the Patent Cooperation Treaty have in the territories to which those Conventions apply.” The corresponding provision in the European Patent Convention is Article 52, and numerous decisions have been issued under this article.
10. The examiner relies upon Section 1(2)(c) and its reference to a method of doing business.

### **Interpretation**

11. There is a mounting body of precedent on the subject of Section 1(2) and Article 52, and several authorities have been quoted in the course of the prosecution of

this application. Foremost among these in the examiner's view is Merrill Lynch's Application [1989] RPC page 561 where Fox L J said at page 569 :-

"The position seems to me to be this. Genentech decides that the reasoning of Falconer J is wrong. On the other hand, it seems to me to be clear, for the reasons indicated by Dillon L J, that it cannot be permissible to patent an item excluded by Section 1(2) under the guise of an article which contains that item - that is to say, in the case of a computer program, the patenting of a conventional computer containing that program. Something further is necessary. The nature of that addition is, I think, to be found in the Vicom case where it is stated: "Decisive is what technical contribution the invention makes to the known art". There must, I think, be some technical advance on the prior art in the form of a new result (eg., a substantial increase in processing speed as in Vicom)."

"Now let it be supposed that claim 1 can be regarded as producing a new result in the form of a technical contribution to the prior art. That result, whatever the technical advance may be, is simply the production of a trading system. It is a data processing system for doing a specific business, that is to say, making a trading market in securities. The end result, therefore, is simply "a method....of doing business", and is excluded by section 1(2)(c). The fact that the method of doing business may be an improvement on previous methods of doing business does not seem to me to be material. The prohibition in section 1(2)(c) is generic; qualitative considerations do not enter into the matter. The section draws no distinction between the method by which the mode of doing business is achieved. If what is produced in the end is itself an item excluded from patentability by section 1(2), the matter can go no further. Claim 1, after all, is directed to "a data processing system for making a trading market". That is simply a method of doing business. A data processing system operating to produce a novel technical result would normally be patentable. But it cannot, it seems to me, be patentable if the result itself is a prohibited item under section 1(2). In the present case it is such a prohibited item."

12. The examiner only quoted the second paragraph of this excerpt, but I have added the first for completeness.
13. The examiner has argued that the invention is essentially a means for purchasing a computer system online, and that this is a method of doing business.
14. Dr Watkin has argued in writing that the claims relate to a system which includes the means for custom configuration of a computer system, and that this is a design feature rather than a business feature. At the hearing, he enlarged on this. He sought to distinguish the system in the application in suit from those which have been the subject of decisions refusing applications on the grounds of methods of carrying out business.
15. He pointed out that in *Merrill Lynch*, the end result was a method of making a trading market in securities, whereas in the application in suit, the end result is a technical entity, in the form of a computer system.
16. He also directed my attention to three decisions of the European Board of Appeal.
17. The first is *Sohei's Application* T769/92. In this case, the application was directed to a computer system for plural types of independent management including financial and inventory management, and a method of operating a general-purpose computer management system. Dr Watkin quoted from the headnote: "Non-exclusion from patentability cannot be destroyed by an additional feature which as such would itself be excluded, as in the present case features referring to management systems and methods which may fall under the "methods for doing business" excluded from patentability..." and "An invention comprising features implemented by software...is not excluded from patentability...if technical considerations concerning particulars of the solution of the problem the invention solves are required in order to carry out that same invention."

18. The second is *Pitney Bowes Inc's Application* T0513/98. I was directed to paragraph 5.3.2: "Moreover, although these changes may be essentially inspired by methods for doing business, they nevertheless involve technical considerations relating to the field of mailing...Therefore these features have to be considered as technical features...which contribute to solve a problem".
19. The third is *Pension Benefit Systems Partnership's Application* T0931/95. Again, I was directed to the headnote: "There is no basis in the EPC for distinguishing between "new features" of an invention and features which are known from the prior art when examining whether the invention concerned may be considered to be an invention within the meaning of Article 52(1) EPC<sup>1</sup>. Thus there is no basis in the EPC for applying this so-called contribution approach for this purpose."
20. Dr Watkin referred me to a common feature in all of these cases, which is that in each case the systems under consideration were handling things which were not in themselves technical. In *Sohei*, the system handles things of financial significance. In *Pitney Bowes*, it is mail items, or as he put it snippets of commercial information. In *Pension Benefits*, it is finances associated with pensions. None is handling a technical product.
21. In the case of the application in suit, he argued that the system is handling a technical product, namely a computer system. In contrast to the decisions of the Board of Appeal, he directed me to three granted European patents, numbered 319442, 430540 and 435451. He submitted that each of these patents related to a computer process which leads to a technical product.
22. Dr Watkin's inference is that objection is only raised in the European Patent Office to methods of doing business where the product of a computer system is itself a business method, as typified by the Board of Appeal decisions, and not where the product is a

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<sup>1</sup> "European patents shall be granted for any invention which are susceptible of industrial application, which are new and which involve an inventive step"

technical item. In his view, the product of the system forming the subject of the application in suit is a technical item and the system should therefore be patentable.

23. In support of the view that this system leads to a technical product, Dr Watkin has raised two points. The end product of the interaction between the user and the web-based user interface is a tangible object, a computer system configured according to the options selected. In this sense, it is equivalent to a manufacturing process. He made the point that a novel process for manufacturing a car windscreen would remain a manufacturing process even if the claim included a reference to sale of the resulting car. Moreover, known systems for ordering computers suffer from the problem that the user can request a system which includes incompatible options. The system seeks to solve the problem, and that, in the view of Dr Watkin as I understand it, is a technical issue.

### **Consideration of the issue**

24. There is no dispute that methods of doing business are excluded from patentability. The dispute is what constitutes a method of doing business. The subjects of the decisions in *Merryll Lynch*, *Sohei*, *Pitney Bowes* and *Pension Benefit Systems* are pure trading, while it is put to me that the present system is not. I am asked to take into account an inference from granted European patents, but I can place little weight on an inference in the absence of a reasoned decision.
25. The words of Fox LJ in *Merryll Lynch*, “Now let it be supposed that claim 1 can be regarded as producing a new result in the form of a technical contribution to the prior art. That result, whatever the technical advance may be, is simply the production of a trading system” are crucial. The examiner has argued that the present invention is a means for buying and selling items, and therefore is excluded from patentability even if the system operates to produce a novel technical result. Dr Watkin has disputed this interpretation, and I can understand why. The words in *Merryll Lynch*, it seems to me, are directed at the technical contribution within the

system. If the result is a trading system, no amount of technical contribution will save it.

26. Dr Watkin has argued that because the end product of his system is a computer system that works, it is not a method of doing business.
27. I am not convinced that this is the crucial point. Dr Watkin acknowledged the approach set out in the headnote to *Fujitsu Limited's Application*, [1997] RPC 608: “The court should look at claims as a matter of substance. The fact that the invention was claimed as a method, a way of manufacture or an apparatus was irrelevant when the only invention claimed revolved around the use of a computer program. The only question was whether there was a technical contribution so that it could not be said that the invention consisted of a computer program per se.” He also acknowledged the similar conclusion in *Gale's Application* [1991] RPC 305. Therefore I should consider the substance of this invention.
28. In substance, the invention provides an interaction between a user and a computer, which to my mind replicates what a customer may do in a store, by telephone or in writing. The user selects options, and the computer advises whether the options are compatible, and whether they can be met within an acceptable time. That is no more than a respectable salesperson would do. I would not expect to be faced with an application for a patent for a salesperson advising a client, since that is business practice, and in the present instance I hold that the computer program is performing the same role.
29. I do not accept that the steps of advising the user that options are incompatible, or that the lead time is unacceptable represent a technical contribution, and even if they did, they would be steps in a procedure leading to the commercial result of specifying the combination of known items. Whether or not that is expressed as a process of purchase, it remains a method of doing business.

30. The issue has been addressed with reference to the main claims, and there has been no suggestion that introduction of subordinate claims would affect the issue. The auxiliary claims put forward by the applicants, by eliminating reference to steps explicitly relating to payment do not affect the issue in my view either.
31. I therefore find that the application relates to a method of doing business, and hence is refused under Section 18(3) on the grounds that the invention claimed therein is excluded by Section 1(2)(c).

### **Divisional application**

32. The applicants have stated that they may wish to file a divisional application based on the application in suit, and clearly would not be able to do so after refusal of the application. The expiry date of the present application being 22 March 2003, and the provisions of Rule 24 would permit a divisional application to be filed not later than the beginning of the third month before this date, if it had not been refused. In accordance with their request, I shall therefore defer formal refusal for six weeks from the date of this decision.

### **Appeal**

33. This being a substantive matter, any appeal should be lodged within six weeks of the date of this decision.

Dated this 4<sup>th</sup> day of October 2001

**M G WILSON**

Deputy Director, acting for the Comptroller

**THE PATENT OFFICE**