

1st November 2007

PATENTS ACT 1977

APPLICANT Konami Corporation

ISSUE Whether patent application number
GB0522406.8 complies with section 1(2)

HEARING OFFICER H Jones

DECISION

Introduction

- 1 International patent application number PCT/JP2004/003053 was filed in the name of Konami Corporation on 10th March 2004, claiming priority from an earlier JP patent application filed on 2nd May 2003. The international application was published by WIPO as WO 2004/096394 on 11th November 2004 and entered the UK national phase as GB0522406.8 on 10th March 2004.

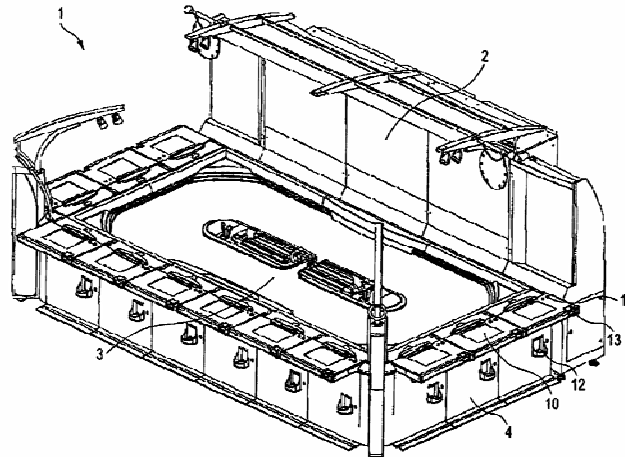
- 2 The examiner has maintained throughout his examination of the application that the invention is excluded from patentability under section 1(2) of the Patents Act 1977 ("the Act"). The examiner has also maintained that some of the claims lack novelty and/or inventive step in the light of published patent applications found during the search. Despite numerous attempts at amending the claims to distinguish the invention from the prior art, the applicant has been unable to overcome the examiner's objections. The matter therefore came before me to decide at a hearing on 25th October 2007, at which the applicant was represented by Mr Stephen Haley, assisted by Mr Denis Keseris, both of Gill Jennings & Every LLP. At the hearing, Mr Haley submitted amended claims which he requested be considered in place of the claims currently on file.

The invention

- 3 The application describes how the invention relates to a game machine and gaming system in which play conditions are made more advantageous for a player when the player satisfies a prize requirement. In discussing the prior art, the description suggests that conventional gaming machines which simulate racing games, e.g. horse races or boat races, allow players to place bets on the result of a race and collect dividends according to the result. It is said that an object of the invention is to provide a gaming machine which inspires the curiosity and challenging spirit of players by classifying the players based on the records of the players in the game, and does so by tracking a player's success in playing the game over time and providing certain financial rewards.

- 4 An example is given whereby a gaming machine has a number of individual game stations at which a player can insert an identity card and place bets on the result of the race (see figure below). A record of the player's results is held within a main control box

of the gaming machine, and when it is found that the player has satisfied certain conditions of play, the main control box allocates the player to a higher or lower playing level each providing a different level of reward, e.g. by cumulatively increasing or decreasing either the maximum bet that can be placed on a race or the player's odds of winning.



- 5 A large part of the description explains the conditions necessary for a player to move from one playing level to another and to the way in which the player is rewarded for doing so. Indeed, throughout the many rounds of examination and amendment, the claims have been directed to this feature, and so it is no surprise that the examiner focussed on this feature whilst carrying out his search. At the hearing, Mr Haley presented a further amendment to the claims which sought to shift the invention towards the control of odds within individual gaming machines connected to a network. As Mr Haley explained it, there was support for this amendment at pages 24 to 27 of the description, which discusses in general terms the way in which a plurality of gaming machines can be connected through a network and where one of the gaming machines acts as a master machine for orchestrating the game played and the remaining machines act as slaves. The main claim (claim 1) now reads:

“A gaming system, comprising:

a master machine;

a plurality of gaming machines, connected with each other via a network, each of the gaming machines comprising:

means for creating odds for the game to be played for that game machine;

a plurality of stations, at each of which a player plays a game in which a token is bet and tokens are paid out when a predetermined winning condition is hit, and each station being provided with;

an identifier, unique to each of the stations: and

a receiver, which receives personal information from the player;

a first storage, operable to store, for each station, the player's personal information in association with that station identifier;

a second storage provided with the master machine and operable to store a play record of the player at each of the stations in association with that player's personal information in the first storage;

a third storage, operable to store a table including a plurality of hierarchical levels each of which is provided with a game condition including odds and a maximum number of tokens bettable, a level-up condition and a level-down condition;

a judge, which judges whether there exists a particular play record which satisfies either a level-up condition or the level-down condition, with reference to the table stored in the third storage first prize requirement among the first play records stored in the second storage;

a first specifier, which specifies the personal information of a player associated in the second storage with the particular play record, in a case where the judge judges that the particular play record exists;

a second specifier, which specifies the identifier of the station associated in the first storage with the personal information of the player specified by the first specifier, at which the specified player is playing; and

a condition arranger, which automatically changes the condition of the game performed at the station specified by the second specifier so as to;

set the game condition in one of the levels which is more superior than the level that the player specified by the second specifier has belonged when the particular play record satisfies the level-up condition;

set the game condition in one of the levels which is more inferior than the level that the player specified by the second specifier has belonged when the particular play record satisfies the level-up condition; and

the system further comprising:

means for controlling the payout of each gaming machine based on the levels of the players playing the respective gaming machines."

6 I have underlined the amendment introduced at the hearing.

7 For completeness, I shall also repeat the relevant parts of the description which are said to provide support for this amendment:

Page 24: "While a single game machine has been described in the first embodiment, a game system may be constructed by connecting a plurality of game machines through network 33 as shown in Fig. 12 as a second embodiment of the invention. Each of the game machines has the same configuration as in the first embodiment. In order to orchestrate a game played at each of the game machines, one of the game machines acts as a master machine, and the other game machines act as slave machines. Information management associated with personal information of players is carried out by the main control box of the master machine."

Page 25: "Next, odds are created at the main control box 20 of each game machine (step T4), and the created odds are transmitted to all stations of the game machine (step T5). The odds transmitted to the stations 4 are displayed on the

liquid crystal displays 29.”

Page 26: “As a result, even when two or more game machines having different payout rates are connected through the network and titles common to the plurality of game machines are provided, players can compete for the titles under equal conditions regardless of differences between the settings of the game machines. Even when the common title is freely transferred between the plurality of game machines, any increase in the number of medals paid out caused by an increase in odds attributable to the possession of each title is compensated by medals accumulated at each game machine as a result of a 1% decrease in the actual payout rate from the preset value. Therefore, no transfer of medal values takes place between the game machines connected through the network. Referring to one of the same machines alone, the machine is therefore closed in terms of the balance of payments, which means that the payout rate of each game machine will converse at the preset value. As a result of the above-described process, the balance of payments (the number of medals input and the number of medals paid out) is completed closed in the single game machine. There is no difference between the game machines which can result in advantage or disadvantages to the players.”

- 8 In explaining this aspect of the invention, Mr Haley described a situation in which local control of the odds available at a particular gaming machine would be preferable. He gave the example of one gaming machine being located in Newport and another in London where the operators of those machines might wish to modify the payout odds to take account of local factors. For example, the running costs of a gaming machine located in Newport might be significantly less than the running costs of a machine in London, and so it would necessary for the local operator to be able to modify the payout rate of each individual gaming machine in order to cover local costs and to remain profitable. As the examiner pointed out, none of this is explicitly disclosed in the description, although he did concede that a man skilled in the art would indeed understand from the above passages that such local control could be achieved. The examiner also pointed out that this feature of the invention had not been searched, but that he knew from his extensive knowledge of the prior art that such local control was not new; he gave the example of networked casinos in the United States where payout rates could be modified to take into account the different tax regimes in each of the different States.
- 9 It is unfortunate that this new amendment had not been presented earlier in the processing of the application because it now means that the examiner will have to cast his net wider in order to complete his assessment on novelty and inventive step. It is also unfortunate as far as I am concerned because the hearing was unable to address most of the issues that led to the hearing in the first place. As I explained at the hearing, the issues of novelty and inventive step would have to be left, if necessary, to another day. Also, given the looming deadline for putting the application in order, i.e. 2nd November 2007, the applicant would need to request that the rule 34 period be extended as of right for a further two months in order to resolve any remaining difference of opinion. Mr Haley agreed.
- 10 As far as the question of whether the invention is excluded from patentability under section 1(2) of the Act is concerned, Mr Haley agreed that the particular system in which play conditions are made more advantageous for a player when the player satisfies a prize requirement could indeed be regarded as a method of playing a game. As far as the invention set out in the latest amendment is concerned, we agreed that it would not be possible to identify the actual contribution made by the invention as is required in such circumstances (see para. 13 below), because the examiner had not been able to

complete his search of the prior art before the hearing. Nevertheless, Mr Haley and I both agreed that it should be possible for me to decide whether the invention was patentable on the basis of the alleged contribution alone; this is a situation that is fairly common when an examiner has argued that the invention is so clearly unpatentable that a search would serve no useful purpose.

The law

11 The relevant law is set out in section 1(2) of the Act:

1(2) 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, a 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 purpose of this Act only to the extent that a patent or application for a patent relates to that thing as such.

12 These provisions are designated in section 130(7) as being so framed as to have, as nearly as practicable, the same effect as the corresponding provisions of the European Patent Convention (EPC), i.e. Article 52. As a consequence, I must therefore also have regard to the decisions of the Boards of Appeal of the European Patent Office (EPO) that have been issued under this Article in deciding whether the present invention is patentable.

Interpretation

13 The correct approach to assessing patentability under section 1(2) is set out in the Court of Appeal's judgment in *Aerotel/Macrossan*¹, and comprises a four step test as follows:

- 1) properly construe the claim
- 2) identify the actual contribution
- 3) ask whether the actual contribution falls solely within the excluded subject matter
- 4) check whether the contribution is actually technical in nature

14 Paragraphs 46 and 47 of the Court of Appeal's judgment provide further guidance regarding the fourth step of the test:

"46. The fourth step - check whether the contribution is "technical" - may not be necessary because the third step should have covered that. It is a necessary check however if one is to follow Merrill Lynch as we must.

47. As we have said this test is a re-formulation of the approach adopted by this court in Fujitsu: it asks the same questions but in a different order. Fujitsu asks first whether there is a technical contribution (which involves two questions: what is the contribution? is it technical?) and then added the rider that a contribution which

¹ Aerotel Ltd v Telco Holdings Ltd & Macrossan's Patent Application [2007] RPC 7

consists solely of excluded matter will not count as a technical contribution.”

Arguments and analysis

- 15 There is no dispute regarding the construction of the amended claim, so I can proceed directly to the second step of identifying the contribution. As I have already explained above, in the absence of a search of the prior art then I shall accept Mr Haley's description of the contribution insofar as it is supported by the application as filed and defined in the amended claim, namely a means for creating odds within each of a number of gaming machines connected together via a network. As Mr Haley put it at the hearing, the contribution lies in the realisation that there needs to be local control of the game payout whilst still allowing players to participate on a level that is equal with everybody else in the game on a national level.
- 16 The third step is to ask whether this contribution falls solely within excluded matter. The examiner referred me to page 32 of the description which states that the various inventions described in the application, i.e. the creation of odds within each gaming machine and the manner in which the game is made more advantageous for a player when the player satisfies a prize requirement, are performed "by having a computer execute a control program". In response, Mr Haley suggested that it was also necessary to have the requisite system components in place to allow control of the odds at the local level, and that the contribution could be seen to extend beyond mere programming of known hardware features. Mr Haley's suggestion is that the contribution also resides in the system configuration itself, but I have read the description in its entirety and have been unable to find support for any modification of the hardware components that would point to the contribution extending to the physical arrangement of the gaming system.
- 17 If I take a narrow interpretation of what is meant by the computer program exclusion, i.e. a set of rules or instructions provided to a computer processor to fulfil a task or series of actions, then I would agree with Mr Haley that whilst the contribution set out above is undoubtedly implemented by way of a computer program, the contribution has nothing whatsoever to do with the way in which the program functions or the manner in which the hardware components are instructed to operate. If I were to take a broader interpretation of the exclusion, i.e. where anything that can be implemented by way of a computer program alone should be excluded, I believe that I would run the risk of excluding at the third step any computer implemented invention that made a technical contribution. This would be inconsistent with the precedent set by the Courts, so I believe that the narrow interpretation is the correct one to take. As such, I agree with Mr Haley that the contribution does not lie solely within the computer program exclusion.
- 18 In some of his earlier examination reports, the examiner had objected to the invention being excluded as a method for playing a game, but it was agreed at the hearing that this was no longer relevant in the light of the latest amendments. The examiner had also objected to the invention being excluded as a method for doing business, and maintained this objection at the hearing. Mr Haley accepted that there was indeed a business driver behind the desire to devolve the control of odds to a local level, but argued that there was a business driver behind almost all technical innovations that have been patented and that this was no exception. He also said that the contribution could not be regarded as a business method because it required technical means to link the various gaming machines together and to control them so that they operate within the confines of the business requirements. The examiner argued that the system components were entirely conventional, and that even the linking of a plurality of gaming machines together via a network was known. In the light of this he argues that the contribution can be seen to lie in the realisation that odds should be controlled at a local level in order to satisfy local business needs, whilst still allowing players to participate in

a game played across a number of locations.

- 19 The contribution set out above requires a means for creating odds within each of a number of gaming machines, and in my view this falls solely within the meaning of a method for doing business. I accept Mr Haley's point that the means for creating the odds is implemented by way of a computer system, but in view of the fact that there is nothing new in the configuration of this system and that the ultimate aim is to provide a mechanism for the operator of each gaming machine to determine the payout rate independently, I cannot see how the contribution can extend beyond it being an improvement in the business of running a game. I therefore consider that the contribution falls solely within the meaning of a method for doing business.
- 20 Having decided that the contribution relates solely to excluded matter, it is not necessary for me to proceed to the fourth step of considering whether or not the contribution is technical in nature. I conclude therefore that the invention defined in the amended claim submitted at the hearing is excluded from patentability under section 1(2). As I have already explained above, the bulk of the application relates to a system in which play conditions are made more advantageous for a player when the player satisfies a prize requirement, which the agent admits can be regarded as a method of playing a game.

Conclusion

- 21 I have found that the invention defined in the amended claim presented to me at the hearing relates to a method for doing business and, as such, is excluded from patentability under section 1(2). Moreover, I have reviewed the application in its entirety and have been unable to find anything that can form the basis of a patentable invention. I therefore refuse the application in accordance with section 18(3).

Appeal

- 22 Under the Practice Direction to Part 52 of the Civil Procedure Rules, any appeal must be lodged within 28 days.



H Jones

Deputy Director acting for the Comptroller