

# How high is the inventive step?

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## Empirical evidence on the grant of uninventive patents

Seminar Presentation  
London School of Economics  
12 October 2009



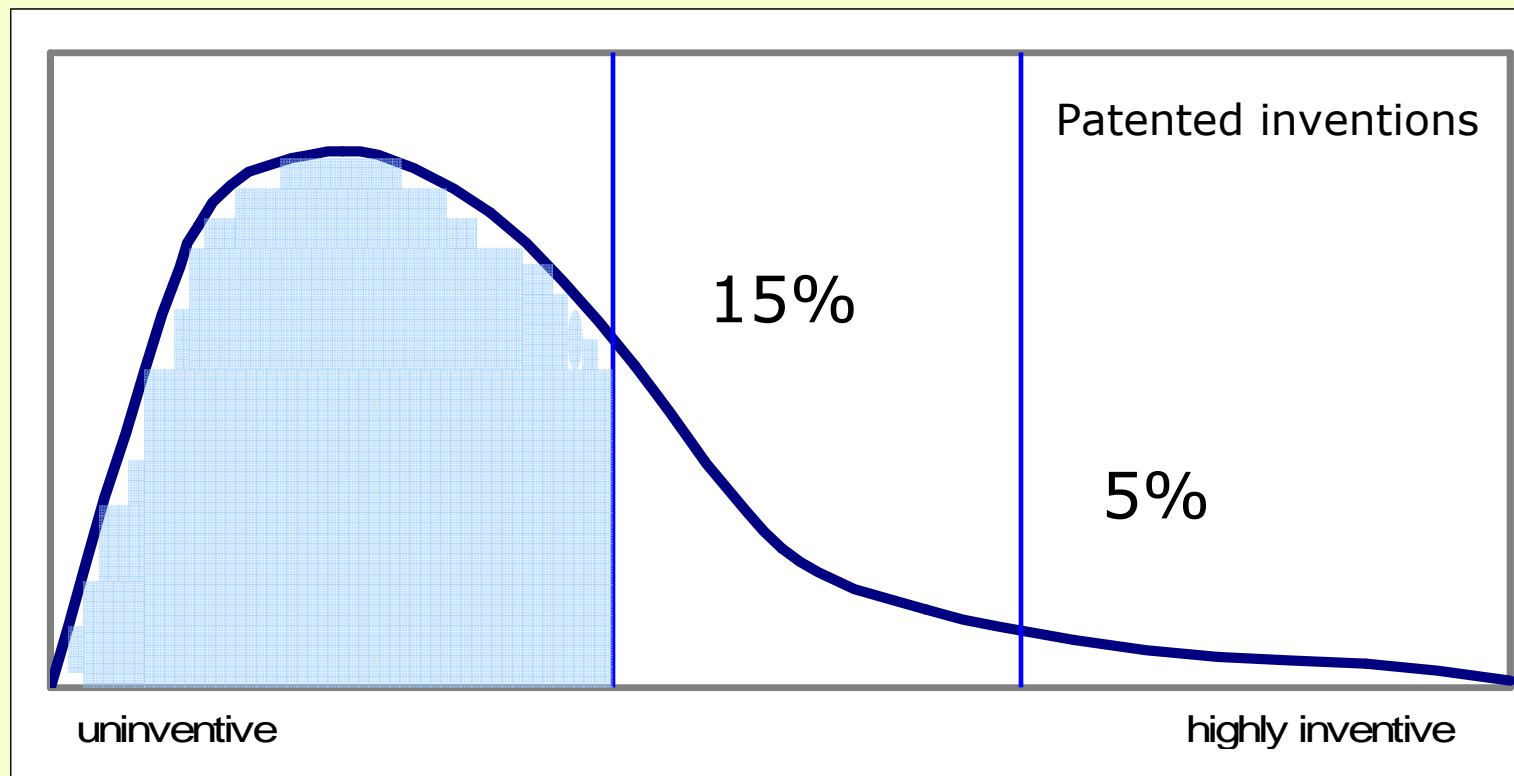
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# Notional inventiveness distribution

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# Inventiveness: the heart of the patent system

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- ❑ Methodology
  - ❑ Findings
    - 72/72 cases – no new knowledge or know-how
    - present by reason for grant of patent
  - ❑ Implications
    - other technology fields
    - other jurisdictions
-

# Assessing inventiveness

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- ❑ Scrutinised claims to identify inventive core
  - ❑ translated into english
- ❑ Compared to knowledge, products and services available at priority date
  - ❑ But without prescriptive rules about
    - ❑ Allowable existing knowledge
    - ❑ Decision-making rules
    - ❑ Character of judge
- ❑ Yardstick: new knowledge or know-how

# Dataset: a point in time universe

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- ❑ Australian business method patents  
(IPC6: G06/17/60; IPC7 G06Q, excl 20/00)
  - ❑ Grants from filings 2003 - 2006
    - Accepted (or sealed) by 30 June 2007
    - 94 cases reduced to 72
  - ❑ Representativeness
    - faster than normal grant
    - high proportion Australian (but PCT)
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# A problem of “prior art”?

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- ❑ examination details known: 69 cases
    - 26: no AU inventiveness objections
      - ❑ 14 of these:  
EPO and/or USPTO objections
  - ❑ no basis for inventiveness objections:  
12 out of 69 cases
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# Reverse onus of proof

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- ❑ *“it has not been shown by the Examiner that ...”*
  - ❑ *“[the] Examiner has failed to show that each and every element as set forth ...”*
  - ❑ *“the Examiner has provided no evidence that a skilled address[ee] could have ascertained, understood and regarded as relevant US patent documents, ...”*
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# Reverse onus of proof

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“ Keller teaches how a *fare availability search* can be conducted, whereas the present invention goes beyond this by combining a *fare search* with an *availability search* ...”

"Online fare booking method and system" (AU 2004202066 priority 17 March 2004)

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# Combination: "Payment card ..."

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- ❑ Combines credit and store cards
- ❑ Rejected: 4 US patents
- ❑ Amended. Attorney arguments about existing knowledge:
  - allow for *multiple accounts* not a *single account*
  - no specific combination of store and credit card
  - specific details were not 'taught' :
    - ❑ upgrade process to convert current store cards to dual cards;
    - ❑ migration of data;
    - ❑ in-store issuance of a card; and
    - ❑ activation dependent on customer request.

AU2003262344, priority 5 Sept 2003, US company, General Electric Capital Co.

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# Mere computerisation

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- ❑ mental steps in valuing a property;
  - ❑ writing a sales contract for © goods;
  - ❑ managing internet advertising campaign;
  - ❑ mental steps in implementing contractual obligations;
  - ❑ expert medical system
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# Computerisation: asset valuation

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- ❑ Computerises the steps involved in valuing a house
- ❑ Rejected twice
- ❑ Patent Attorney argument:
  - yes, valuers use computers
  - but they often cut corners
  - this “structured approach” overcomes these problems

AU2005203023, priority 12 July 2005, Australian owner EVR Services Pty Ltd

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# Amendments

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- Reserve goods while credit checked
    - `... none of the art of record, alone or in combination, disclose that *the freight carrier*, in a trade transaction, that ships the goods to the buyer *is also playing the role of a financial facilitator ...*'  
(USPTO Notice of Allowance, emphasis added).
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# Amendment: "Medical data warning notifying system and method"

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- ❑ Computerised expert medical system sending data from home to doctor
- ❑ Rejected twice, each time amended
  - Scope reduced from all medical data sent from home to peritoneal dialysis
  - Limited to "*server giving a warning message, then reverting to stand-by mode*"
- ❑ Last variation unrelated to core of "invention"

AU2003281184, priority 15 July 2002, Japanese owner JMS Co., Ltd.

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# Amendment: "A Security System"

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- ❑ reduce credit card fraud by sending real-time alerts. Combines known processes:
  - alerts customers to anomalous CC charges and
  - sends text messages
- ❑ not inventive – CitiAlert system
- ❑ amended to include feature of **customer defining** the anomalous events

*AU2003201332, priority 27 October 2000, Australian owner Markets-Alert Pty Ltd*

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# Claims amendment

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Once	18		
Twice	18		
Three +	<u>14</u>		
	50	/	72

No evidence of amendment: 22

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# Trivial difference: Westpac's "integrated package"

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- ❑ Combines credit card, loan account and any other account
  - combined credit limit for loan and CC
  - rewards for moving money between accounts
- ❑ Rejected (novelty and inventiveness) and amended
  - unique feature is single credit limit
- ❑ Rejected (inventiveness)
  - attorney argument about trivial differences / semantics (comparing with Commonwealth Bank Viridian package)
    - ❑ a "benefit" is not a "reward currency" and there are no "reward program rules"
      - financial benefits in Viridian package are not rewards
    - ❑ Viridian **allows** linked CCs, but **not required**

AU2005204292, priority 26 Aug 2005, *Australian owner Westpac Banking Corporation*

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# Not using 'analogous use' policy

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- ❑ **Benchmark**

  - sustainability of property development

- ❑ **Auditing**

  - chemical use in foodstuffs,  
from before farm gate

- ❑ **Networked delivery**

  - ID cards and like products

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# Ideas and 'problems'

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- ❑ email alert "device"
    - granted UK; rejected US – not novel
  - ❑ printing near point of receipt
    - solves problems in own never-granted previous PCT
  - ❑ impact of bet on outcomes in closed pool betting system
    - US examiner has challenged whether any other method of implementation
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# Setting up a 'problem'

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"Means to facilitate delivery of electronic documents into a postal network"

- Nice idea – print near delivery point
- Sets up 'problems' based on PCT application that has never been granted (WO99/21330)
  - 'Solves' problems in WO99/21330
  - No examiner objections
    - ? Defeated by detail in 80 claims (3 repeats)
  - Pending in USA; restricted; 2 rejections to date.

AU2003254402, priority date 4 October 2002

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# Monopolising ideas

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- ❑ how planned bet will affect the pool and the winnings in a closed pool betting system
  - ❑ US examiner has challenged the applicant to identify any other means of solving the problem
    - Applicant has appealed
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# EPO rejections

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- ❑ VAT refund system;
    - accepted in UK
  - ❑ 7 cases where granted by USPTO
    - link barcodes to URLs
    - system for managing online advertising campaign (also rejected by UK)
    - distributed transaction event matching
    - auction for fixed interest securities
-

# EPO acceptances

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- ❑ Software process for delivery at specified time to an electronically locked container
  - ❑ Software method for commercial transactions after identify established from transmission of encrypted fingerprints;
  - ❑ Method for information exchange between apparatus on a worksite
    - Australia: 'mere workshop improvements'
-

## **EPO acceptance:**

### **Delivery to a locked container**

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- ❑ Software system for process of delivering an item to an electronically locked container

- patent offices perceive more than 1 invention

- ❑ EPO accepts as inventive

No previous documents teach

“identifying, using the scheduler, a first time interval during which the first delivery can be made and accessing the first locked storage container only during the first time interval.”

"Automated receiving and delivery system and method" (AU2003262357, filed 19 November 2003, priority 9 November 1999)

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# EPO acceptance:

## Authenticating network transactions

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- ❑ Software to authenticate identity over a network using fingerprint IDs
- ❑ EPO rejected: no technical problem
- ❑ Applicant response:
  - No teaching of “the technical feature of storing the fingerprint in an encrypted form”
  - Claims revised: 9 words imported claim 2 → claim 1 “wherein the stored fingerprint is in an encrypted form”

"Method of conducting transactions over a network" (AU2004203415, filed 26 July 2004, priority 23 February 2000)

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# Findings

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- ❑ No contributions to knowledge or know-how
  - ❑ A few possible new ideas
    - But no idea/artefact distinction
  - ❑ Patent rules allow monopoly grant for a **scintilla of inventiveness**  
**difference**
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# Limitations and implications

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- ❑ Other 'technology' fields
    - Policy rules apply across technologies
    - Existing knowledge: software, business methods and leading edge technology
  - ❑ Other jurisdictions
    - Policy rules transfer across jurisdictions
      - ❑ without public policy discussion
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## No benefit from minor “inventions”

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"The production of the knowledge of how to do in a somewhat different way what we have already learned to do in a satisfactory way would hardly be given highest priority in a rational allocation of resources"

(Machlup 1958: 51)

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Thank you

Any comments or criticisms to

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