



## PATENTS ACT 1977

APPLICANT	ImageNPay UK Limited
ISSUE	Whether patent application GB1816750.2 complies with section 1(2) of the Patents Act 1977
HEARING OFFICER	Stephen Brown

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### DECISION

#### Background

- 1 This decision relates to whether patent application GB1816750.2 complies with Section 1(2) of the Patents Act 1977 ("the Act").
- 2 The application was filed on 15 October 2018 and claimed priority from GB1808110.9. It was published by the UK Office on 20 November 2019 as GB2573840 A. The compliance period has been extended to 8 July 2023.
- 3 The examiner issued a Report under Section 17(5)(b) on 22 March 2019, informing the applicant that a search would not serve any useful purpose. This was accompanied by an Examination Opinion which set out the examiner's position that the claimed application was excluded under Section 1(2)(c) as a method for doing business and as a computer program as such, and under Section 1(2)(d) as the presentation of information as such.
- 4 The applicant then filed a Patents Form 10 and the appropriate fee but did not submit any amendments or arguments addressing the Examination Opinion. Consequently, the examiner issued an Abbreviated Examination Report on 8 March 2022 which repeated the matter of the Examination Opinion.
- 5 The applicant subsequently filed arguments with their attorney's letter of 11 July 2022, however this did not convince the examiner that the claims were allowable, so he issued a new examination report on 22 September 2022. It is noted that in this examination report, the examiner also highlighted that full examination of other substantive issues has yet to be performed.
- 6 The applicant filed a second set of arguments with their attorney's letter of 23 January 2023, again the examiner was not convinced and having noted the attorney's request for a hearing, the examiner issued a pre-hearing report on 6 February 2023.

- 7 On 13 April 2023 a hearing was held where the applicant was represented by Stephen Geary of Bawden and Associates. I was assisted by Thomas Britland. Also in attendance was Rob Valkass, the examiner on the application; Luke Frodsham, an examiner observing for training purposes; and Sam Cleary, an external observer from Taylor Vintners.
- 8 The matter to be decided is whether the invention as set out in the claims filed on 15 October 2018 is excluded under sections 1(2)(c) and 1(2)(d) of the Act.
- 9 Should I find in favour of the applicant, the application will be returned to the examiner for further processing, including completion of the search and formal examination of any remaining substantive issues.

### **Subject Matter**

- 10 The claimed invention relates to a computer method for transferring a digital asset from a first user to a second user. The claimed invention works by authenticating ownership of the digital asset on a database, updating the database to change the ownership of the digital asset from the first user to the second user and then supplying the second user with a graphic asset associated with the digital asset.
- 11 The system provides a means for digitised transaction cards (e.g. payment cards, loyalty cards) to be associated with specific digital assets on a database, so that representations of said transaction cards in the user's digital wallet application can have a graphical image of the digital asset provided thereon, instead of the generic representation provided by the card provider. Thus the invention relates to a means for transferring the digital assets between users to allow users to change the graphical representation of transaction cards in their digital wallet.

### **The Claims**

- 12 There are two independent claims, claim 1 & claim 15. They read as follows:

Claim 1:

*A computer-implemented method of transferring a digital asset from a first user to a second user, the method comprising:*

*authenticating the first user as the owner of the digital asset by inspecting a transaction database;*

*transferring the digital asset from the first user to the second user by:*

*updating the transaction database so as to identify the second user as the owner of the digital asset; and*

*providing a graphic asset associated with the digital asset to a user electronic device of the second user.*

& Claim 15:

*A computerised system for transferring a digital asset from a first user to a second user, the system being arranged to:*

*authenticate the first user as the owner of the digital asset by inspecting a transaction database;*

*transfer the digital asset from the first user to the second user by:*

*updating the transaction database so as to identify the second user as the owner of the digital asset; and*

*providing a graphic asset associated with the digital asset to an electronic device of the second user.*

- 13 The computerised system of claim 15 is defined by particular features which allow it to perform the method of claim 1. As such, both claims will stand, or fall, on the same reasoning. Thus, while the following analysis applies equally to both claims, for conciseness I will focus my discussion on claim 1.

## **The law**

- 14 Section 1(2) of the Act reads as follows:

*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*

*...*

*(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.*

- 15 The assessment of patentability under section 1(2) is governed by the judgment of the Court of Appeal in *Aerotel*<sup>1</sup>, as further interpreted by the Court of Appeal in *Symbian*<sup>2</sup>. In *Aerotel* the court reviewed the case law on the interpretation of section 1(2) and set out a four-step test to decide whether a claimed invention is patentable:

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<sup>1</sup> *Aerotel Ltd v Telco Holdings Ltd & Ors Rev 1* [2007] RPC 7

<sup>2</sup> *Symbian Ltd v Comptroller General of Patents* [2009] RPC 1

- (1) *Properly construe the claim;*
- (2) *identify the actual contribution;*
- (3) *ask whether it falls solely within the excluded subject matter;*
- (4) *check whether the actual or alleged contribution is actually technical in nature.*

16 The Court of Appeal in *Symbian* made it clear that the four-step test in *Aerotel* was not intended to be a new departure in domestic law; it was confirmed that the test is consistent with the previous requirement set out in case law that the invention must provide a “technical contribution”. Paragraph 46 of *Aerotel* states that applying the fourth step of the test may not be necessary because the third step should have covered the question of whether the contribution is technical in nature. It was further confirmed in *Symbian* that the question of whether the invention makes a technical contribution can take place at step 3 or 4.

17 Lewison J (as he then was) in *AT&T/CVON*<sup>3</sup> set out five signposts that he considered to be helpful when considering whether a computer program makes a technical contribution. In *HTC/Apple*<sup>4</sup> the signposts were reformulated slightly in light of the decision in *Gemstar*<sup>5</sup>. The signposts are:

- i) whether the claimed technical effect has a technical effect on a process which is carried on outside the computer*
- ii) whether the claimed technical effect operates at the level of the architecture of the computer; that is to say whether the effect is produced irrespective of the data being processed or the applications being run*
- iii) whether the claimed technical effect results in the computer being made to operate in a new way*
- iv) whether the program makes the computer a better computer in the sense of running more efficiently and effectively as a computer*
- v) whether the perceived problem is overcome by the claimed invention as opposed to merely being circumvented.*

18 The previous correspondence from the attorney did not question the relevance of this case law. In the hearing, I directed the attorney to identify the contribution as required by the *Aerotel* test and he did comment on its use.

19 Both the examiner in their pre-hearing report, and the attorney, also relied on further case law while making their respective arguments, I will discuss these at the relevant points of the process.

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<sup>3</sup> *AT&T Knowledge Ventures/CVON Innovations v Comptroller General of Patents* [2009] EWHC 343 (Pat)

<sup>4</sup> *HTC v Apple* [2013] EWCA Civ 451

<sup>5</sup> *Gemstar-TV Guide International Inc v Virgin Media Ltd* [2010] RPC 10

## Application of the *Aerotel* approach

### Step (1): Properly construe the claim

- 20 The claims being considered here are those filed on 15 October 2018 as set out above. I don't believe there to be any particular difficulty in construing them, however, I note the examiner did provide extensive context for some terms in his pre-hearing report. I will not repeat this thorough assessment here, rather I will simply summarise the context he set out at that time:
- a) *'digital asset': "The digital asset may be loyalty points accrued by one of the users" as first set out in paragraph [0060], this is the only example used throughout the specification;*
  - b) *'authenticating the first user as the owner of the digital asset': This is considered to be the act of the looking up the owner of the digital asset on the database, where the database acts as a distributed ledger, as set out in paragraph [0076] & [0077];*
  - c) *'transferring the digital asset': I agree this is not necessarily transferring in the sense of changing location, but rather updating the necessary ownership record in the database;*
  - d) *'graphic asset': A form of static or dynamic image file to be displayed in the digital wallet application;*
- 21 This seems an accurate summary of the context of the invention and I note that Mr Geary did not contest it. Thus, taking into account the above meanings, considered in light of the description, the claims may simply be construed as read.
- 22 I also note the examiner's comments at point 8 of the pre-hearing report, where significant sections of the description and drawings are dedicated to 'aspects' of the present invention which appear unrelated to the claimed invention, but instead relate to replacing graphic assets based on preference information. I agree with the examiner that these sections do not aid in understanding the claimed invention and I will thus ignore them.

### Step (2): Identify the actual or alleged contribution

- 23 The examiner rightly identified that the approach to how the contribution is identified is set out in paragraph 43 of *Aerotel*:
- "it is an exercise in judgment probably involving the problem said to be solved, how the invention works, what its advantages are. What has the inventor really added to human knowledge perhaps best sums up the exercise. The formulation involves looking at substance not form – which is surely what the legislator intended".*
- 24 From this, the examiner identified the contribution as follows:

*A computer-implemented method of transferring a digital asset between two users, wherein the receiving user is provided with a graphic asset associated with the received digital asset.*

- 25 It is at this stage that I have some difficulty proceeding, as Mr Geary has not provided a clear, succinct alternative contribution for me to consider. The examiner provided the above contribution in his Examination Opinion issued on 22 March 2019 and has seen no reason to amend it, despite two rounds of correspondence from the attorney.
- 26 In his correspondence, Mr Geary has provided significant detail regarding the advantages of the invention, sometimes seemingly far beyond the workings of the claimed system itself, into the wider use of the digital assets in the wild, so to speak. To his credit, the examiner has provided full breakdowns of the listed advantages and given his reasons for not considering them as part of his contribution. Having consulted the pre-hearing report, the correspondence and the specification as a whole, I agree with the examiner's assessment of the advantages. For the sake of brevity I will not repeat his arguments here.
- 27 At hearing, the Mr Geary predominantly repeated the same list of 'advantages', with some expansion in meaning and additional context but I could see no new substance in his arguments.
- 28 I think it is best at this stage to go back to the specification to consider what advantages the applicant claimed when the application was filed. The benefits which are described relate solely to the process by which digital assets with associated graphical assets can be shared between users. Even then, the advantage is little more than **easier** transfer of digital assets, with the option for a marketplace of trading in the digital assets (i.e. loyalty points).
- 29 Ultimately, I believe that much of the discussion in the correspondence and at the hearing is simply not relevant. The application does not introduce digital wallets for the first time, setting in motion events which *could* lead to the abolition of physical cards, and the benefits commercially and to the environment that would entail. Further, the application does not describe how vendors access the metadata associated with a graphic asset during a transaction. Without this information, every advantage linked to the gathering of "intelligence" on the user, as Mr Geary described at the hearing, is entirely moot. The application does not enable a skilled person to do this. The application doesn't even hint that the metadata can be used in this manner, it just states that there is metadata which links the graphic asset to the digital asset (loyalty points) and the owner of the asset. As such, I see no reason to depart from the contribution as set out above.

Step (3): Does the actual contribution fall solely within excluded subject matter?

- 30 The third step of the *Aerotel* test involves considering whether the contribution falls solely within excluded categories. Again, I note that the examiner has provided highly detailed arguments at this stage to which I see no need to repeat.

- 31 I will begin my consideration with the exclusion as a computer program and a business method together, before briefly considering the presentation of information separately.

### *Computer Program and Business Method*

- 32 Given that the identified contribution is a computer implemented method of transferring business assets, it makes sense to consider the Computer Program and Business Method exclusions at the same time as they are necessarily intertwined. I will therefore proceed by discussing each of the AT&T Signposts.

### *AT&T Signposts*

*Signpost (i) – whether the claimed technical effect has a technical effect on a process which is carried on outside the computer*

- 33 Beginning by purely considering the contribution, it is clear that there is no technical effect on a process carried on outside of the computer. The authentication process is entirely contained between the first user's device and the database server. The transfer of the digital asset involves updating the database and sending a file to the second user's device.
- 34 I do not consider Mr Geary's extensive discussion of effects outside of the computer to be relevant. As I noted above, the use of the metadata in the graphic asset to create an ecosystem where transaction data can be shared with vendors, who can in turn, provide promotions to the owner of the graphic asset, has no part of the claimed contribution or the specification as filed. Even if it was to be considered relevant and supported, it would entirely constitute a method of doing business as it entirely relates to business administrative and financial processes.
- 35 At the hearing, Mr Geary made the argument that the claimed invention produced new results which did not previously occur. He referred both to *Halliburton*<sup>6</sup> and *NEC Corporation*<sup>7</sup> as examples of decisions where new results were found to be non-excluded.
- 36 I'm afraid that I consider this argument to be inaccurate. Neither *Halliburton* nor *NEC* were found to be non-excluded as the results were new. They were found to be non-excluded as their output was technical. *Halliburton* resulted in an improved drill bit design (and drill bits were considered inherently technical) and *NEC* resulted in an optimum angle at which to set a radio antenna for interaction with radio signals. The only result the present contribution provides is a 'better' business transaction. As such, I consider that the first signpost is not met.

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<sup>6</sup> *Halliburton Power Services Inc's Applications* [2011] EWHC 2508 (Pat)

<sup>7</sup> *NEC Corporation*, BL O/202/08, 15 July 2008

*Signpost (ii) – whether the claimed technical effect operates at the level of the architecture of the computer; that is to say whether the effect is produced irrespective of the data being processed or the applications being run*

- 37 There has been no suggestion that the actual contribution runs at a level of architecture of the computer. It is clear that the invention runs only on the digital wallet software of the user devices and the database software of the server, both of which are application level processes. Therefore, I find that signpost (ii) is not met.

*Signpost (iii) – whether the claimed technical effect results in the computer being made to operate in a new way*

- 38 There is some suggestion in the correspondence that the computer acts in a new way as prior art digital wallets do not allow for the change in graphic assets associated with transaction cards. However, this is not the computer itself operating in a new way. Whether the user device is displaying a new graphic asset or the server is providing said asset, both remain standard computers operating in the manner they are programmed to do by the application level processes. Thus the third signpost is not met.

*Signpost (iv) – whether the program makes the computer a better computer in the sense of running more efficiently and effectively as a computer*

- 39 The first and second users are using standard technology (smart phones) and are communicating over a standard network to communicate with a standard server. There is no suggestion of anything working more effectively as a computer. Signpost (iv) is not met.

*Signpost (v) – whether the perceived problem is overcome by the claimed invention as opposed to merely being circumvented*

- 40 It is unclear precisely what problem is being overcome by the present contribution. The transfer of digital assets is an inherently business-based problem and if the present invention does so better, then the problem solved is not a technical problem in the first place. If, as Mr Geary asserts, the problem is the user experience with the digital app, then this is also not a technical problem in itself. The user experience may be improved by a technical solution to a problem (as in *Symbian*) but that is merely a side effect of the technical improvement. Thus, the fifth signpost is also not met.
- 41 Having considered the alleged contribution in light of the *AT&T* signposts, I am of the opinion that it falls within excluded subject matter as a program for a computer and a method of doing business, as such.

### *Presentation of Information*

- 42 I will not dwell long on the Presentation of Information exclusion, given that I have already found that the contribution is excluded as a computer program and business method.
- 43 I differ in the opinion of the examiner on this point, he sets out that the alleged contribution lies solely in the display of the graphic asset on the second user's device, I am not convinced that this is the only result. The contribution relates to the exchange of a digital asset, which we understand to be loyalty points, these loyalty points have a graphic asset associated with them but they also exist separately as a currency of sorts. While the immediate visible result of the contribution is for the second user to receive the graphic asset, we cannot ignore the additional result that the second user is now also the owner of the digital asset. As such, it seems to me that the alleged contribution is not **solely** the presentation of information.
- 44 Therefore, I do not consider the present contribution to be excluded as the presentation of information.

### Step (4): Is the contribution technical in nature?

- 45 Since I have decided that the contribution does not have a technical effect beyond that of a program running on a computer and a business method, as such, it also fails this step of the test. I thus decide that the contribution is excluded under section 1(2).

### **Decision**

- 46 I have found that the contribution made by the invention defined in the independent claims falls solely in subject matter excluded under section 1(2) as both a program for a computer and a method for doing business as such. I have read the specification carefully and I can see nothing that could be reasonably expected to form the basis of a valid claim. I therefore refuse this application under section 18(3).

### **Appeal**

- 47 Any appeal must be lodged within 28 days after the date of this decision.

**Dr Stephen Brown**

Deputy Director, acting for the Comptroller