



18 August 2020



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Opposition - Decision Issued

Pipers Intellectual Property

1st Floor
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Epsom
Auckland 1023
New Zealand

Your reference	206426AUE
Application number	2018203015
Applicant name	Jagwood Pty Ltd

Dear Sir/Madam,

Please find attached a copy of a Decision of a Delegate of the Commissioner of Patents.

This decision may be appealed to the Federal Court. You can obtain more information from the website – www.fedcourt.gov.au.

Yours sincerely,

Belinda Sillis
Oppositions and Hearings
Phone: 61262832904

IP AUSTRALIA

AUSTRALIAN PATENT OFFICE

***Jagwood Pty Ltd* [2020] APO 38**

Patent Application: 2018203015

Title: Process of and Apparatus for Notification of Financial Documents and the Like

Patent Applicant: Jagwood Pty Ltd

Delegate: Xavier Gisz

Decision Date: 18 August 2020

Hearing Date: 15 June 2020, By video conference

Catchwords: **PATENTS** - examiner's objections – process for electronic payments – invention claimed is considered to have an inventive step – invention claimed is a manner of manufacture – application to proceed to acceptance

Representation: Solicitor for the applicant: Anna Klepacki
Patent attorney for the applicant: Jim Piper



IP AUSTRALIA

AUSTRALIAN PATENT OFFICE

Patent Application: 2018203015

Title: Process of and Apparatus for Notification of Financial Documents and the Like

Patent Applicant: Jagwood Pty Ltd

Date of Decision: 18 August 2020

DECISION

The claimed invention, as proposed to be amended, is inventive in light of the prior art and is for a manner of manufacture.

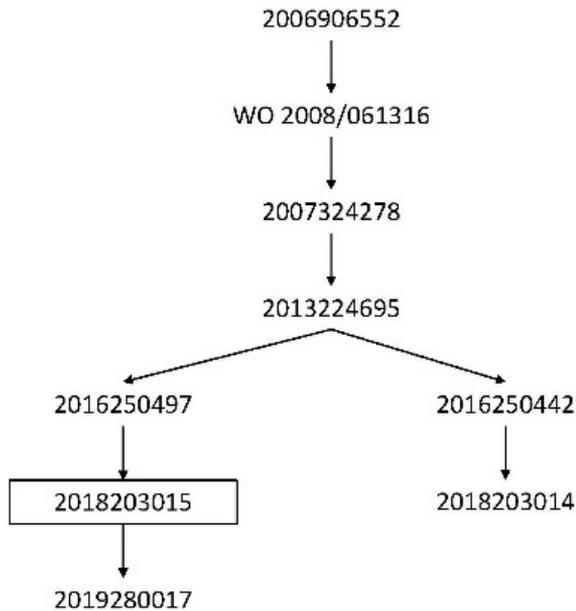
Pursuant to sub-regulation 13.4(1)(g), the final date to gain acceptance is 3 months from the date of this decision.

I direct that the application be accepted.

REASONS FOR DECISION

Background

1. Patent application 2018203015 was filed by Jagwood Pty Ltd on 1 May 2018 as a divisional application of parent application 2016250497 (which was itself a divisional application of application 2013224695 which was a divisional application of 2007324278 which was the national phase entry of WO2008/061316 which derives priority from 2006906552 with a priority date of 23 November 2006).
2. A 'family tree' of related applications is illustrated with the present application indicated:



3. The present application was filed after 15 April 2013. The fate of the present application is as a consequence governed by the *Patents Act 1990* (the Act) as amended by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012*. These amendments included the introduction of new section 49(1). Under this provision, I must accept the present application if satisfied on the balance of probabilities that it complies with the requirements of the Act. If I am not so satisfied, I can refuse the present application.
4. A first examination report was issued on 27 August 2019 raising objections in relation to manner of manufacture and inventive step. The objection relating to inventive step was primarily based on the disclosure of US application US 2005/0021464 A1 (LINDAUER ET AL.) published on 27 January 2005. The applicant responded to the first examination report on 16 October 2019 by way of arguments and proposed amendments to the specification.
5. A second examination report was issued on 12 November 2019 maintaining the objection relating to manner of manufacture and inventive step. The inventive step objection included two additional documents to support the argument that URL shorteners were known in the art.
6. The second report concluded with the following:

“This report includes objections that were raised in examination of the related parent application which are directed to the same or essentially the same subject matter. As there has now been several adverse reports in relation to this subject matter, the application will be referred to a Hearing Officer to consider whether to accept or refuse the application under s49 or to direct amendment under s107. If you wish to be heard on this matter, you have 1 month from the date of this report to request a hearing. Fee item 230 applies. If you request a hearing you will be contacted regarding the relevant deadlines in due course. Hearings in relation to examination objections are normally by way of written submissions. If you disagree with the Hearing Officer’s decision you may appeal the decision to the Federal Court of Australia.”
7. On 12 December 2019 the Applicant requested a hearing.

8. On 26 February 2020 the Applicant proposed amendments to the specification. It is these proposed amendments which form the basis for the present consideration.

A hearing notice was sent to the Applicant on 13 May 2020, requiring the Applicant to file submissions 5 business days before the hearing. The Applicant filed submission for the hearing on 4 June 2020.

9. The hearing was set for 11 June 2020. On 11 June 2020 the Applicant informed the Commissioner that due to health reasons they would like to postpone the hearing. I allowed the hearing to be postponed. The Applicant filed further hearing submissions on 12 June 2020.
10. The hearing took place via video conference on 15 June 2020.

Evidence

11. The submissions filed on 4 June 2020 were accompanied by 4 declarations.
 - First Andrew Blair declaration dated 12 October 2019 with exhibits AB-1 and AB-2
 - Second Andrew Blair declaration dated 30 May 2020 with exhibits AB-6 and AB-7
 - Robin Beauchamp declaration dated 1 June 2020
 - Brano Plesko declaration dated 4 June 2020

Background to the present invention

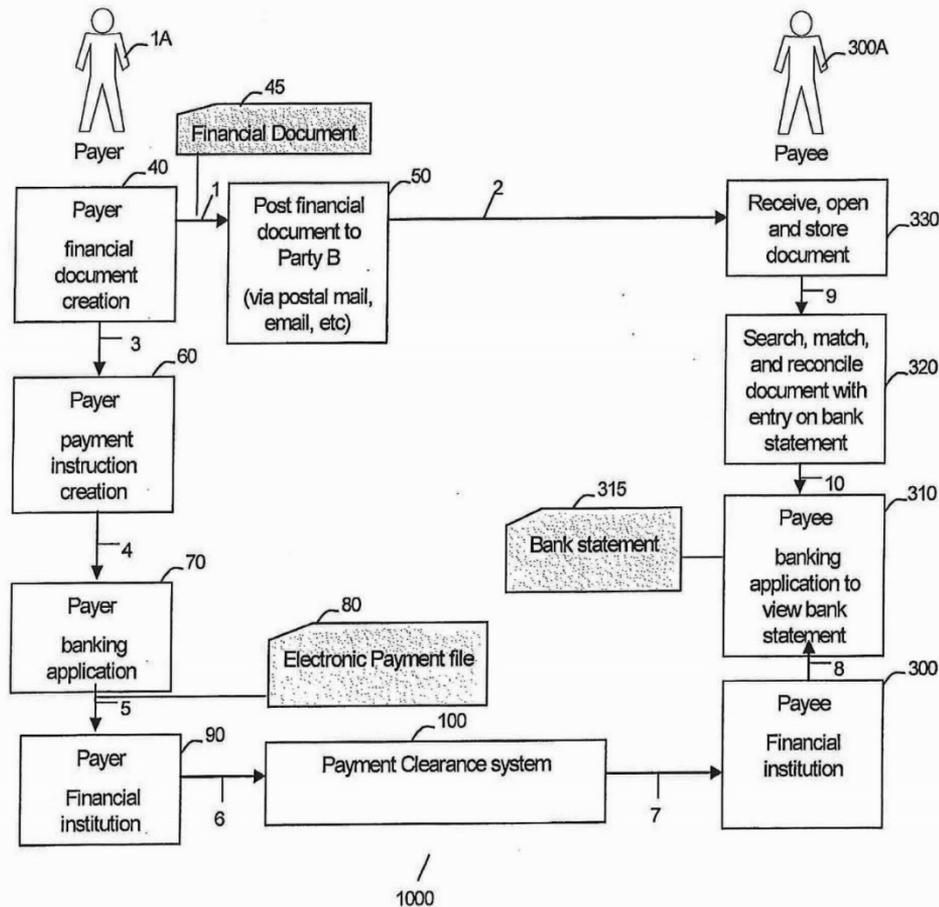
12. The field of the present invention is a method of reconciling an electronic payment with a financial document describing what the payment is for. The specification explains that when electronic payments are made, it is difficult to match up the payment with a document describing what the payment is for. In the prior art, it was known to use a reference number in the reference number field of an electronic payment. This reference number would also be placed on the financial document so the payment could be matched. The present invention is to use a URI in the reference number field. The URI is a link to the financial document.

Prior art

13. The description states:

“Figure 1 is a block diagram of a known approach 1000 to issuing financial documents with payments. According to this known approach, an electronic payment 80 and a financial document 45 (such as an advice of payment) are sent between a payer and payee. The financial document 45 will often be created at process 40 by the payer to provide details of the payment. This financial document is often sent such as by postal mail or by email 50 to the payee.”

Figure 1.A



14. The description goes on to state:

“When the financial document 45 is received by the payee, the payee opens the financial document and will try to match the details (eg date, payment amount, payer name) with details on the bank statement 315.

A major limitation with this common approach is the financial document 45 and the electronic payment 80 can arrive at the payee at different times, and the payee has the difficult task of matching 320 the financial document to the payment on their bank statement. Matching can be difficult because the payment details on bank statements are often limited to a few fields such as: payment amount, payment description/ reference, remitter name, payment date, debit and credit indicator.”

15. A notable feature of the invention is that it is most suited to business-to-business transactions rather than consumer-to-business transactions.

16. In a consumer-to-business transaction, a bill will be sent from the business to the consumer with a reference number. When the consumer pays the bill, the consumer uses the electronic payment system to pay the owed amount and enters the reference number from the bill.

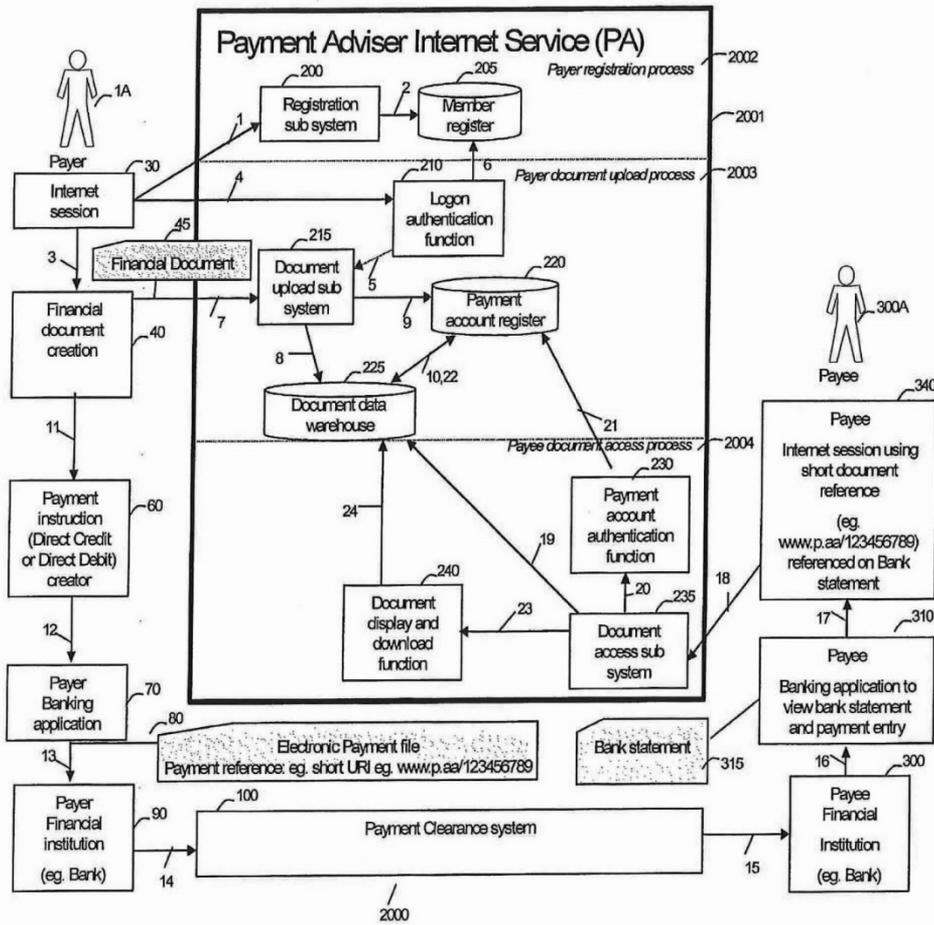
- 17. In contrast, business-to-business transactions can be more complicated. When one business owes money to another business, this information can take different forms (e.g. an invoice, a group of invoices, etc.). When the business that owes money sends a payment, the instructions for that payment (e.g. which items are being paid for) is detailed in a financial document.
- 18. The present invention is a method of simplifying this business-to-business type transaction.
- 19. The known method of making payments is as follows:

- Step 1. Payer sends financial document to payee via a common channel of communication (such as post, email, etc)
- Step 2. Payer makes payment via electronic payment system
- Step 3. Payee receives payment via electronic payment system
- Step 4. Payee receives financial document
- Step 5. Payee matches payment with financial document

The invention

- 20. The description goes on to provide several embodiments of the invention. The first embodiment of the invention is shown in Figure 2.

Figure 2.



21. The invention can be summarised in the following steps:

- Step 1. Payer uploads financial document to a server which is assigned a URI
- Step 2. Payer puts URI into the reference field and makes payment via an electronic payment system
- Step 3. Payee receives the payment via electronic payment system with the URI link to the financial document
- Step 4. Payee opens the financial document to see what the payment is for.

The claims

22. The specification as proposed to be amended on 26 February 2020 contains 7 claims including 4 independent claims. Independent claim 1 is as follows:

A process for allowing a payer to pay a payee as a financial transaction, and to securely provide the payee with access to a financial document relating to the financial transaction, the process being configured for use in connection with:

- a computer system of a payer;
- a computer system of a payee;
- a payments adviser computer system comprising computer software executing on computer hardware remote from the computer systems of the payer and payee and communicable over the internet; and
- a payments clearance computer system comprising computer software executing on computer hardware remote from the computer systems of the payer and payee and which hardware includes a payer's financial institution's computer system and a payee's financial institution's computer system,

the process comprising:

- the payer's computer system sending a request over the internet to the payments adviser computer system for an identifier for a financial document;
- the payments adviser computer system allocating an identifier to the financial document in response to the request, the identifier being allocated as a short uniform resource identifier comprising (a) the internet address of the payments adviser computer system and a unique location for the financial document, and (b) a character length within an available character limit imposed by the payments clearance computer system;
- the payer's computer system at or after the time of the request, uploading over the internet the financial document to the payments adviser computer system for storage per the identifier; the payer's computer system also uploading over the internet to the payments adviser computer system security authentication information, wherein the payee's computer system must provide the security authentication information to the payments adviser computer system in order to be able to access the financial document;
- the payer's computer system sending to the payer's financial institution's computer system:
 - a payment instruction including the amount to be transferred to the payee, payment account details of the payee, and, in a payee reference field of the payment instruction, the identifier which signifies to the payee the location to access the financial document;
 - on authorization of the payment instruction, the payer's financial institution's computer system sending via the payments clearance computer system to the payee's financial institution's computer system:
 - the payment; and

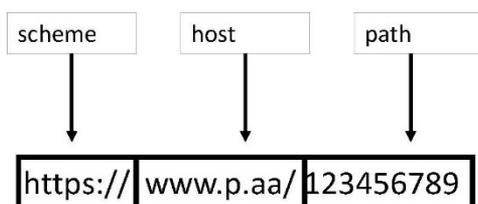
the identifier which signifies to the payee the location to access the financial document;
 the payee's financial institution's computer system creating a payment advice or bank statement accessible to the payee containing information received via the payments clearance computer system from the payer's financial institution's computer system including, in a payee reference field of the payment advice or bank statement, the identifier;
 the payee's computer system sending a request over the internet to the payments adviser computer system which includes the identifier to access the stored financial document applicable to the payment received by the payee from the payer;
 the payments adviser computer system requesting from the payee's computer system the security authentication information; and
 upon receipt from the payee's computer system of the security authentication information, the payments adviser computer system allowing the payee's computer system access to the financial document.

23. All independent claims define essentially the same invention. It is unnecessary to repeat the entire set of claims. I consider the proposed amendments to be allowable under section 102.

Terminology

URI

24. A Uniform Resource Identifier (URI) is a string of characters that unambiguously identifies a particular resource. To guarantee uniformity, all URIs follow a predefined set of syntax rules.
25. A URI contains three main components: scheme (also known as the 'protocol'), host (also known as the 'domain') and path as shown below:



26. It is somewhat concerning that the only example URI, www.p.aa/123456789 provided in the description does not fit into this naming convention since it does not contain the scheme and thus is not actually a URI according to the definition provided by the Network Working Group headed by Tim Berners-Lee published on January 2005:

<https://tools.ietf.org/html/rfc3986>

27. To resolve this inconsistency, I will proceed on the basis that the example provided is a truncated URI, with the scheme part of the URI (e.g. "https://" or "http://") being assumed or implicit.

Examiner's objection

28. The examiner's adverse report maintains that the claimed invention is not a manner of manufacture and does not contain an inventive step.

Inventive step

Inventive step – legal principles

29. The test for whether an invention is obvious is whether it would have been a matter of routine to proceed to the claimed invention. In *Wellcome Foundation Ltd v VR Laboratories (Aust.) Pty Ltd*, [1981] HCA 12, 148 CLR 262 at 286 [45], Aickin J stated:

"The test is whether the hypothetical addressee faced with the same problem would have taken as a matter of routine whatever steps might have led from the prior art to the invention, whether they be the steps of the inventor or not."

30. The High Court in *Aktiebolaget Hässle v Alphapharm Pty Ltd*, [2002] HCA 59, (2002) 56 IPR 129 at [50] – [53], appeared to approve of the *Wellcome* test. In discussing what was meant by a matter of routine the High Court noted and accepted an affinity with the approach in *Olin Mathieson Chemical Corporation v Biorex Laboratories Ltd*, (1970) 87 RPC 157, of whether the person skilled in the art would directly be led as a matter of course to try what was claimed in the expectation that it might well produce a useful alternative.
31. In *AstraZeneca AB v Apotex Pty Ltd*, [2014] FCAFC 99, the court held at [203] that in formulating the problem it is not permissible to incorporate information that is not available to the person skilled in the art either as common general knowledge or information available under subsection 7(3).
32. Where the invention lies in a combination of integers, the question is not whether each individual integer was obvious but rather whether the combination as a whole was obvious when compared to the prior art base. In *Alphapharm* at [41], the High Court stated:
- "The claim is for a combination, the interaction between the integers of which is the essential requirement for the presence of an inventive step. It is the selection of the integers out of 'perhaps many possibilities' which must be shown by Alphapharm to be obvious, bearing in mind that the selection of the integers in which the invention lies can be expected to be a process necessarily involving rejection of other possible integers."
33. In *Albany Molecular Research Inc v Alphapharm Pty Ltd* [2011] FCA 120, Jessup J conveniently laid out the relevant principles applying to Section 18(1)(b)(ii) for lack of inventive step at paragraph 152:

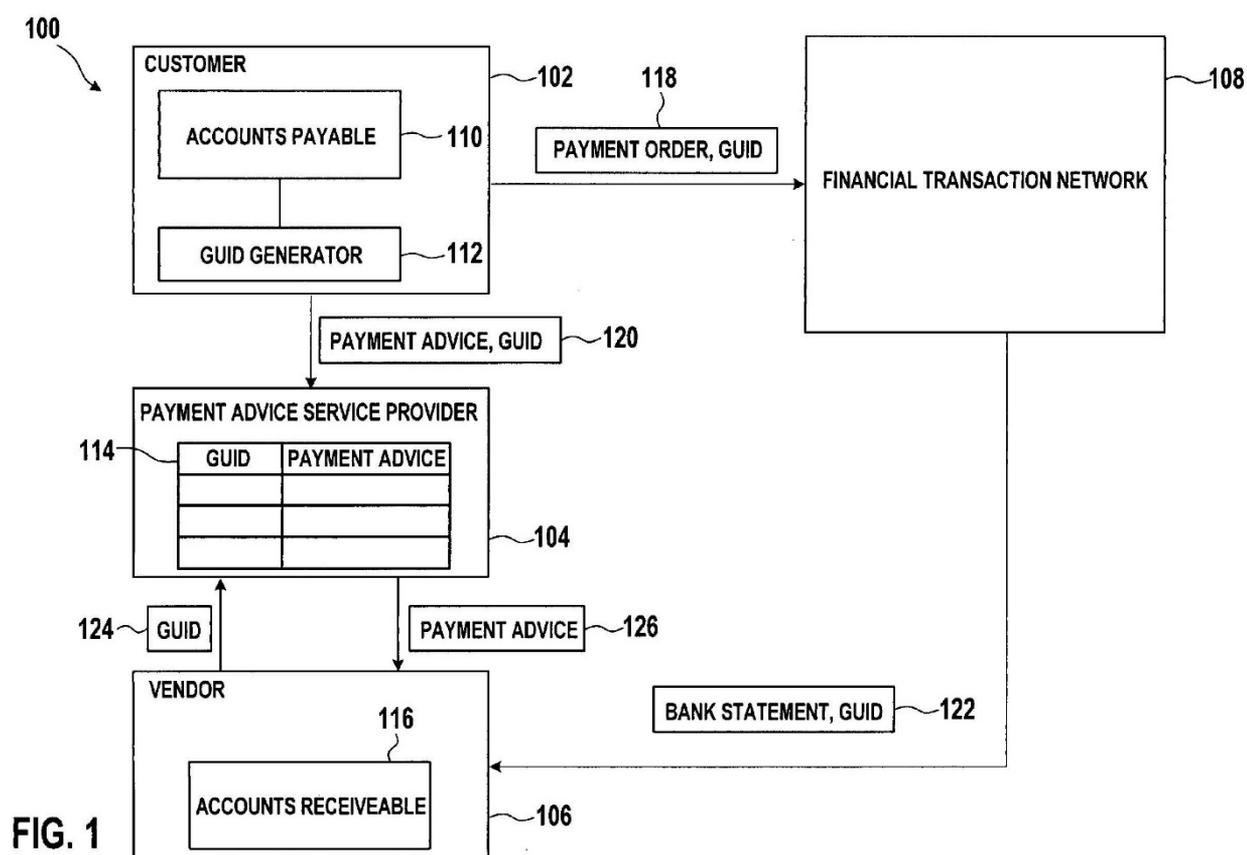
Armed with common general knowledge, and possibly also with one of the kinds of information referred to in s 7(3), the invention in question will have been obvious to the skilled person referred to in s 7(2) if he or she "faced with the same problem would have taken as a matter of routine whatever steps might have led from the prior art to the invention, whether they be the steps of the inventor or not": *Wellcome Foundation Limited v VR Laboratories (Aust) Pty Ltd* (1981) 148 CLR 262, 286; *Aktiebolaget Hassle v Alphapharm Pty Ltd* (2002) 212 CLR 411, 432 [50]. The content of the concept of "a matter of routine" approved by the High

Court in the latter case was that provided by Graham J in *Olin Mathieson Chemical Corporation v Biorex Laboratories Ltd* [1970] RPC 157, 187-188:

Would the notional research group at the relevant date, in all the circumstances, which include a knowledge of all the relevant prior art ... directly be led as a matter of course to try [that which was invented under the patent in suit] ... in the expectation that it might well produce [the solution to the problem which gave rise to the invention in suit]?

Inventive step – US 2005/0021464 A1 (LINDAUER ET AL.)

34. US 2005/0021464 A1 (LINDAUER ET AL.) discloses an electronic payment system best illustrated in Figure 1:



35. The payer's computer generates a Globally Unique Identifier (GUID). The payer includes the GUID in the payment order. The payer also uses the GUID in the reference field in an electronic payment.
36. The invention disclosed in Lindauer differs from the present invention in two ways. Firstly, the GUID is not a URI. Secondly, the GUID is generated in the payer's computer.
37. In their submissions the Applicant provided three arguments as to why the claimed invention is inventive in light of Lindauer.

38. The first argument is as follows:

“Firstly, the claims recite that the identifier is in the form of a short URI containing a portion identifying the web address of the PACS and a portion identifying the location of the uploaded document within the PACS; and having a character length (i.e. bandwidth) permitted by the payer and payee bank. The Examiner alleges that this feature is obvious in view of the unique identifier (GUID or UUID) of D1, combined with the URL-shortening protocols of D7 and D8. We disagree for the following reasons.

The GUID (or UUID) of D1 does not *include* the web address of the “payment advice service” (PAS, 304). Rather, the payer forwards to the payee *both* a GUID *and*, separately, details of the web service (i.e. the PAS); these are not merged into one, as in the URI of the present invention. At [0011] it is stated, “The [payment] reference may include an identification of the web server *in addition to* the unique identifier” (see also [0012], [0053] and 318 in Figure 3). Neither does the GUID serve to indicate the *location* of the financial document *within the PAS*. Rather, the composition of the GUID can be based for instance on creation time / place, account information, et cetera (see [0010].)

As a result, in D1 the payee receives, on their bank statement, two distinct items of information: a link to the PAS web service, and, separately, an identifier for their particular document. The payee must first navigate to the PAS, then input the identifier in the appropriate place to retrieve the document. In contrast, the URI of the present invention functions as a “pointer” to the precise location of the document within the PACS. The user need only perform the single step of clicking on (or alternatively copying and pasting) the URI in order to access the document.

As for the length of the identifier; the Examiner concedes that the GUID of D1 is not restricted in terms of length, but contends that this would be obvious in view of D7 and D8. We disagree. For one thing, D1 does not suggest the shortening of its GUID (which as noted in the Blair declaration is far too long for use in payment clearance systems), and to do so would accordingly be a departure from the teachings of that document. Moreover, D7 and D8 are directed to a different purpose; essentially improving the aesthetics of existing URLs. They would be ineffective for present purposes: neither document refers to an overall character length (or data set); indeed, in both documents examples of “modified” URLs having varying lengths from each other are given, some of which would again be too long for use in payment clearance systems.

This is not to mention the fact that, at the priority date, it was accepted that URLs were not suitable for transmittal through payment clearance systems for a variety of reasons. At the time, nobody would have considered using URLs in this manner and it was only after much work that the inventors succeeded in doing so.”

39. Paragraph 22 of Lindauer states (with my emphasis in bold):

Computer system 104 may have a database 114 for storing of payment advice data received from computer system 102 and for storing of the GUIDs of the payment advice data. The payment advice data, **or a pointer to the payment advice data**, may be stored in a data field of the database table; the GUID being assigned to the payment advice data may be stored in a key field of the database table for retrieval of the payment advice data.

40. And at paragraph 35 of Lindauer states (with my emphasis in bold):

In response, computer system 104 may store the payment advice data in a data field of database 114 and GUID in a key field of database 114 for later retrieval of the payment advice data using the GUID as a key. Alternatively, the payment advice data may itself not be stored in database 114, **but a pointer to a document containing the payment advice data** may be stored in computer system 104.

41. At paragraph 10 of Lindauer states (with my emphasis in bold):

In accordance with an embodiment of the invention, the creation time of the **payment advice data file may be used as a basis for the generation of the unique identifier**. Additionally or alternatively, a payer and/or payee company code, account type, account number and/or other information may be used for the creation of the unique identifier. Various exemplary algorithms for creating a unique identifier in accordance with the universal unique identifier (UUID) standards definition are as such known from <http://www.opengroup.org/onlinepubs/9629399/apdx.htm>. Another example is Microsoft's GUID Structure Definition (<http://msdn.microsoft.com/library/default.asp?url=/library/en-us/cpref/html/frlrfssystemguidclasstopic.asp>) the entirety of which is herein incorporated by reference.

42. The above paragraphs, when read together, suggest that a person skilled in the art might modify Lindauer such that the pointer to the payment advice data **actually is** (rather than just the **basis of**) the unique identifier. This modification could potentially allow a **pointer** to the payment advice, rather than the payment advice itself, to be transmitted to the payee. The pointer to an entry in a database would not be sufficient since the payee would have no way of accessing the database. The payer would then need to make the database accessible on a server, and the pointer could then be the path of a URI. The payer would also need to acquire a unique host (domain), locate the database at that domain, and make the payment advice documents stored on the database accessible to internet traffic.

43. Although each of the steps mentioned above could be argued to be straight forward actions, in my opinion these steps would only be taken by a non-inventive person skilled in the art if the solution (using a URI as the payment advice location) was already identified. I am not satisfied that, without the solution already being identified, a person skilled in the art would make these modifications.

44. The second argument is as follows:

“Secondly, the claims recite that the PACS generates the URI on the payer’s request; with the payer then uploading the document against the URI and also inserting it into the payment reference field. In contrast, in D1 it is the payer who must generate the GUID. This requires the user’s computer to have the appropriate software installed; and is also more labour intensive to generate. Also, once created the payer must upload the GUID to two different places – into the payment reference field on the one hand, and to the PAS on the other hand (along with the document to be stored), as indicated at (318), (320) in Fig. 3. The Examiner claims that switching from “client-side” to “server-side” functionality in this manner would be an obvious modification of D1; but the absence

from D1 of any suggestion of such a variation, in spite of its advantages, shows otherwise.”

45. Although it is known that a ‘thin-client’ (server-side application) could be used in place of the ‘thick-client’ (client-side application) in some cases, this would not be an obvious change in the present invention. A characterising feature of Lindauer is that the unique reference number is generated **by the user’s computer**. The GUID is guaranteed to be unique because it incorporates data such as the payer’s location and time data. A centralised method of generating a unique identification number is the opposite solution to a locally generated unique identifier. I am not satisfied that a person skilled in the art would be motivated to make this second modification to Lindauer.

46. The third argument is as follows:

“Thirdly, the independent claims include security measures, namely the payer uploading “security authentication information” to the PACS, which the payee must also provide to the PACS before they are allowed access to the financial document. D1 discloses no corresponding feature. Furthermore, Dr. Blair notes in his declaration that GUIDs / UUIDs are commonly generated based on the circumstances (date, time, location) of the upload; making them vulnerable to hacking if a nefarious party has sufficient information. In contrast the URI of the claimed invention is not based on the “upload event”; and also the EBCDIC dataset is particularly secure.”

47. Although security measures when accessing sensitive data from a URI were well known at the priority date, this modification to Lindauer is predicated on the other two modifications to Lindauer being made. Because I have found these other two modifications would not be obvious in light of Lindauer, I am not satisfied that a person skilled in the art would be motivated to make this third modification to Lindauer.

48. I am not satisfied that a person skilled in the art would be motivated to make any of the three identified changes (let alone motivated to make all three identified changes) to Lindauer such that it would fall within the scope of the claimed invention. Consequently, I consider that a person skilled in the art would not, as a matter of routine, modify Lindauer such that it included these three elements.

49. Claims 1-7 are inventive in light of Lindauer (US 2005/0021464).

Manner of manufacture

Manner of manufacture – Legal principles

50. Section 18(1)(a) of the *Act* provides that an invention is a patentable invention for the purposes of a standard patent if the invention, so far as claimed in any claim, is a manner of manufacture within the meaning of section 6 of the Statute of Monopolies.

51. The classic statement of the law on manner of manufacture is set out in *National Research Development Corporation v Commissioner of Patents* [1959] HCA 67, 102 CLR 252 (*NRDC*) at 269:

"The right question is: 'Is this a proper subject of letters patent according to the principles which have been developed for the application of s. 6 of the Statute of Monopolies?'"

52. The Court then went on to set out a test in terms applicable to the facts of that case:

"a process, to fall within the limits of patentability which the context of the Statute of Monopolies has supplied, must be one that offers some advantage which is material, in the sense that the process belongs to a useful art as distinct from a fine art ... that its value to the country is in the field of economic endeavour."

53. The Court, however, cautioned that any attempt to state the ambit of section 6 of the Statute of Monopolies by precisely defining "manufacture" is likely to fail and, further, "to attempt to place upon the idea the fetters of an exact verbal formula...would be unsound to the point of folly" (at 277). These cautionary observations were later reinforced in *D'Arcy v Myriad Genetics Inc* [2015] HCA 35 (*Myriad*) at [23]:

"This Court in *NRDC* did not prescribe a well-defined pathway for the development of the concept of 'manner of manufacture' in its application to unimagined technologies with unimagined characteristics and implications. Rather, it authorised a case-by-case methodology."

54. This case-by-case methodology must have regard to the substance of the claimed invention, not simply the literal form of the claim. As stated in *Myriad* at [144]:

"Whatever words have been used, the matter must be looked at as one of substance and effect must be given to the true nature of the claim."

55. The Courts have adopted the same approach when considering the patentability or otherwise of computer implemented inventions, most notably in *Research Affiliates LLC v Commissioner of Patents* [2014] FCAFC 150 (*Research Affiliates*), *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177 (*RPL*), and *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* [2019] FCAFC 161 (*Encompass*). For example, as stated by the Court in *RPL* at [96] in relation to an invention that was in substance a scheme:

"A claimed invention must be examined to ascertain whether it is in substance a scheme or plan or whether it can broadly be described as an improvement in computer technology ... There must be more than an abstract idea; it must involve the creation of an artificial state of affairs where the computer is integral to the invention, rather than a mere tool in which the invention is performed."

56. And further at [98]:

"It is not a question of stating precise guidelines but of deciding, in each case, whether the claimed invention, as a matter of substance not form, is properly the subject of a patent".

57. The Court next reiterated a number of principles arising from *Research Affiliates*:

1. It is necessary to ascertain whether the contribution to the claimed invention is technical in nature.

2. One consideration is whether the invention solves a “technical” problem within the computer or outside the computer, or whether it results in an improvement in the functioning of the computer, irrespective of the data being processed.
3. Does the claimed method merely require generic computer implementation?
4. Is the computer merely the intermediary, configured to carry out the method using a computer readable medium containing program code for performing the method, but adding nothing to the substance of the idea?

58. In *Aristocrat Technologies Australia Pty Ltd* [2016] APO 49 at [35], a delegate of the Commissioner set out a non-exhaustive summary of the issues to be considered when applying these principles. The non-exhaustive summary of issues was as follows:

- “• there must be more than an abstract idea, mere scheme or mere intellectual information;
- is the contribution of the claimed invention technical in nature;
- does the invention solve a technical problem within the computer or outside the computer;
- does the invention result in improvement in the functioning of the computer, irrespective of the data being processed;
- does the application of the method produce a practical and useful result;
- can it be broadly described as an improvement in computer technology;
- does the method merely require generic computer implementation;
- is the computer merely an intermediary or tool for performing the method while adding nothing of substance to the idea;
- is there ingenuity in the way in which the computer is utilised;
- does the invention involve steps that are foreign to the normal use of computers; and
- does the invention lie in the generation, presentation or arrangement of intellectual information.”

Manner of manufacture – examiner objection

59. The examiner’s objection in the first adverse report was as follows:

“The actual contribution over D1, of *“the payer’s computer system sending a request over the internet to the payments adviser computer system for an identifier for a financial document;*

the payment adviser system allocating an identifier to the financial document in response to the request, the identifier being allocated as a short uniform resource identifier (URI) comprising (a) the internet address of the payments adviser computer system and a unique location for the financial document, and (b) a character length within an available character limit imposed by the payments clearance computer system to be used by the payer’s financial institution’s computer system;”

results in an obvious configuration of a computer system, and as such cannot be considered a manner of new manufacture.

In addition to being obvious, even if the informational contents of the short URL is taken as absolutely new over D1, then that still does not confer upon the claim the necessary qualities required to be a manner of new manufacture. In other words, using the informational contents of the short URL, as merely business information, in the sense of using the informational contents as a unique reference in relation to a business transaction, does not result in a manner of new manufacture.

The Full Federal Court said that where the claimed invention is to a computerised business method, the invention must lie in that computerisation. It is not a patentable invention simply to “put” a business method “into” a computer to implement the business method using the computer for its well-known and understood functions. See for example *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177 (11 December 2015) at 96.

The above passage amount to this that a known computer system employed by way of using its well-known and understood functions, and applied for doing nothing more than merely automating the use of business information according to business rules for the purpose of conducting business, does not impart upon the computer system, or its manner of use, the necessarily quality of ‘newness’, in the sense of a ‘new technical contribution’ as required by Sec 18(1)(a), regardless as to whether or not ‘the use of business information according to business rules for the purpose of conducting a business activity’ is new in itself.

The contribution, as defined above, can be re-worded substantively as “a known computer system, configured by using the computer’s well-known and understood functions, applied for automating the use of new business information according to business rules for the purpose of conducting a business activity.” According to the Full Federal Court, the latter definition does not express a concept that is proper subject matter under Sec(18)(1)(a).

Similarly, Claim 1 as a whole, read with (or without) the above alleged contribution, is in itself also substantively in the nature of ‘a known computer system, configured by using the computer’s well-known and understood functions, applied for automating the use of new business information according to business rules for the purpose of conducting a business activity’.

Consequently, the concept, as far as claimed by Claim 1, does not comply with Sec 18(1)(a).

Independent Claim 16 defines a system that corresponds in substance to that of Claim 1, and therefore also do not comply with Sec 18(1)(a) for reasons similar to that mentioned in relation to Claim 1.

Similarly, it is considered that the dependent Claims also do not comply with Sec 18(1)(a).”

Applicant submissions

60. The Applicant provides in their submissions several arguments in support of the invention being a manner of manufacture that can be summarized in the following 8 points:

1. The computer is “integral to” the invention
2. There is no “pen-and-paper” or “old-school” equivalent to the invention
3. The improvement is at the level of the computer architecture
4. Technical effect can reside in configuring known computer elements in a new and advantageous way; The result of the invention is in the business realm, but the substance is in the technical realm
5. Inventions pertaining to business methods are not inherently less patentable than those in any other field
6. A method of applying a known thing to a new and useful purpose may be patentable
7. The invention overcomes the “bandwidth problem” with a technical solution
8. The invention overcomes the “matching problem” with a technical solution

61. The relevant parts of the Applicant’s submissions for each of these arguments are given below:

The computer is “integral to” the invention

62. After summarising the various cases relating to computer implemented inventions, the Applicant states at paragraph 23:

“The common thread running through the body of case law is to ask whether computerization is genuinely at the heart of the invention, or merely a tool to implement some scheme which could plausibly be achieved without it.”

There is no “pen-and paper” or “old-school” equivalent to the invention

63. The Applicant states in their submissions at paragraphs 39-41 and 43-45:

“As a matter of intuition, the process is of a kind that only makes sense in a computer environment. The concepts about which the invention turns – URIs, bandwidth limitations, electronic payments – are peculiar to computers.

Moreover, the process has no satisfactory “old-school” analogy that would be capable of operating in the manner of the present invention to simultaneously deliver a payment and access to its financial document such that these arrived bonded to one another and remained so.

As discussed in the Blair declaration, at the priority date electronic payment systems involved the separate sending, via unrelated channels, of the payment and the financial document. Simultaneous sending was not possible due to the bandwidth restrictions on payment reference fields. Indeed, this very shortcoming of conventional systems was the starting point for the present invention.

While a variety of other such “tweaks” to conventional systems could hypothetically be conceived of, all of these can be shown to be either ineffective / inefficient, or otherwise not truly analogous to the invention. For instance, the notion of the payee calling the payer to find out what the payment is for is simply the old system, but with the “financial

document” being provided over the phone instead of via mail. The notion of the payee calling the bank to find out what the payment is for is unrealistic – the bank does not hold this information. Moreover, as with calling the payee, this still results in the conventional “split” between the payment and its financial information (even if the bank could provide this).

Dr. Blair also points out that there is no plausible “manual” or “pen-and-paper” equivalent to the present system. He explores the hypothetical notion of an envelope containing, on the one hand, a payment (such as a cheque), and on the other hand a key to a pigeonhole of a remote document repository. But he notes that such a system would be at odds conceptually with the present invention in a number of respects: the key would not be permanently “bonded” to the payment in the manner of the URI on the payee’s bank statement; there would be nothing equivalent to a “bandwidth limitation” constraining the key; and transmittal wouldn’t occur from bank to bank, but rather directly between the payer and payee.

From the lack of an “old-school” analogy, it also follows that the specific series of steps recited in the claims are tied to the computer; that is to say, in the CCOM sense, the invention involves “a particular mode or manner of achieving [the] end result”, said mode or manner being inextricably bound up with the computer itself. None of the attempted “analogies” map onto the particular steps required by the invention. In addition, we also note that in a banking context, the processing power of computers is genuinely essential: the volume of data in question would preclude the invention being implemented other than via computers.”

64. The Applicant states in their submissions at paragraph 25:

“A number of cases have held that the requisite technical effect can reside in configuring known computer elements in a new and advantageous way. In *Aerotel*, the Court stressed that the inventor “was not saying “use existing apparatus for my new method”; he was saying “create a new overall combination of apparatus using known types of apparatus – and use that combination for my method.” In *Aristocrat*, the Hearing Officer noted that despite only generic computer implementation being required, the configuration of the machine was unique.” Similarly, in *Facebook*, the generic computer implementation did not negate that there was a technical improvement in that “the device is now able to do something it could not do previously”.”

The improvement is at the level of the computer architecture

65. The Applicant states at paragraph 48:

“This improvement is at the level of the computer architecture, irrespective of the data being processed: the format and content of the financial document, the amount of the payment, and other such details are all irrelevant. Even the content of the URI itself is irrelevant, so long as it conforms to the bandwidth limitations. To the extent that a “manifestation” of the technical effect is required, it is submitted that this is satisfied at least by the simultaneous appearance on the payee’s bank statement of the payment and the URI (in the reference field).”

Technical effect can reside in configuring known computer elements in a new and advantageous way; The result of the invention is in the business realm, but the substance is in the technical realm

66. The Applicant states at paragraph 50:

“We also make the point that, while the invention certainly has advantages in the commercial or “business” realm, as in Facebook this is the result of the invention, not its substance. To borrow from *Catuity*, “what is disclosed by the patent is not a business method, in a sense of a method or scheme for carrying on a business... Rather, the patent is for a method... in a business”. Dr. Blair echoes this in commenting that “[the problem which the invention targets] may at some level be construed as a “business problem” in the sense of “a problem affecting (the running of) business.” But it is apparent that [it is] caused by... technical limitations”. In terms of the “business / technical” divide, we note that the present invention is markedly better placed than *Rokt*. Where in that instance the invention was firmly rooted in the commercial / marketing realm, both in terms of the underlying problem and the advantages it delivered, in the present case the underlying problem as well as the substance of the invention are demonstrably technical, as discussed above.”

Inventions pertaining to business methods are not inherently less patentable than those in any other field

67. The Applicant states at paragraph 26:

“A number of cases have also held that inventions pertaining to business methods are not inherently less patentable than those in any other field, provided that they possess the requisite technical quality. In *Catuity* the Court recognized that “what is disclosed by the patent is not a business method, in a sense of a method or scheme for carrying on a business... Rather, the patent is for a method... *in* a business”. In Facebook, the Hearing Officer was clear in distinguishing between the *result* of the invention, which manifested as a commercial advantage, and the substance of the invention, which was technical in nature.”

A method of applying a known thing to a new and useful purpose may be patentable

68. The Applicant states at paragraph 27:

“We also note the cornerstone NRDC principle that, while a new use of a known [thing] for a purpose analogous to its existing uses will not be patentable, there may well be patentability in “taking advantage of a hitherto unsuspected property of a [thing] and devising a method of applying that [thing] to a new and useful purpose”; particularly if the discovery of that property “was to be arrived at only by an exercise of scientific ingenuity, based upon knowledge and applied in experimental research””

The invention overcomes the “bandwidth problem” with a technical solution

69. The Applicant states in their submissions at paragraphs 3 and 4:

“At the priority date, conventional electronic payment methods involved sending, on the one hand, an electronic payment, and on the other hand, a financial document describing what the payment was for. The two would arrive at the payee separately and at different times. The payee would then have to go back and “match” one to the other.

This separation was a consequence of the extremely limited information allowed to be entered into payment reference fields – both in terms of length and allowable types of characters (“data sets”). This is referred to as the “bandwidth problem” in the Blair declarations, and results from the vast number of transactions that payment clearance systems must handle, and the resulting restrictions they must impose on the size of any given transaction. The bandwidth problem meant only very basic information describing the payment could actually be sent together with the payment; a more detailed description had to follow separately, in the form of the financial document.”

The invention overcomes the “matching problem” with a technical solution

70. The Applicant states in their submissions at paragraph 5:

“Matching of the two was often confusing and time-consuming in business contexts: for instance where a client had many outstanding invoices and the payment was in settlement of some but not others; or if the payee habitually received many identical payments from different clients (such as renewal fees, in the case of patent firms). The problem was further aggravated if matching was being attempted after a delay, as is usually the case in business context, with account reconciliation / processing being done only periodically, typically at the end of the month. Delays can also occur if the payee is clearing a backlog, or if there is a need to go back weeks or months after a payment has come in to double-check what it was for. Downstream consequences of the “matching” problem (apart from its general inefficiency) potentially included missed deadlines (e.g. if renewal instructions did not reach the payee in time), and payments being erroneously allocated.”

71. These arguments will be referred to in the consideration below.

Consideration of the Applicant’s arguments

The role of the computer

72. The role of the computer in the invention is clearly essential to the invention. There is no ‘old-school’ or ‘pen and paper’ equivalent of the invention and it would be a contrived exercise to attempt to construct such an equivalent. The invention improves upon existing computerised methods of coupling payment to financial documents. I accept that the invention is directed to a problem that only exists in the computer realm and the computer is integral to the invention.

Is the invention an improvement in computer technology: is the computer a “better computer”

73. The Applicant in their submissions argues that the invention results in a new and unique computer architecture. I have found the invention to be inventive so I am satisfied that the invention is new and unique.

74. The Applicant states at paragraph 46:

“For these reasons, the present invention cannot be equated to the likes of *RPL, Research Affiliates, Encompass* or *HRB Innovations, Inc.*, in which a scheme which, practicalities aside, might just as well have been accomplished on pen and paper happened to be fed into a computer. Rather, the invention is at one with *CCOM, Apple, Inc., Facebook* and *Rokt*. The process – conceptually and in terms of the steps of its execution – is one which is tied to the computer and has computerization at its essence.”

75. In my opinion, finding cases that have been found to be a manner of manufacture solely and attributing it to whether “computerisation at its essence” is an incorrect generalisation. Instead, the consideration of manner of manufacture must focus on the substance of the invention, and whether the substance of the invention produces an "artificial state of affairs, in the sense of a concrete, tangible, physical, or observable effect".

Technical effect can reside in configuring known computer elements in a new and advantageous way

76. I accept that technical effect of an invention can reside in configuring known computer elements, and that an invention with such a technical effect would be a manner of manufacture. I also accept that inventions pertaining to business methods are not inherently less patentable than those in any other field. I further accept that methods of applying a known thing to a new and useful purpose may be patentable.

Is the invention overcoming a technical problem?

77. The Applicant has characterised the invention as overcoming two problems: the ‘bandwidth problem’ and the ‘matching problem’. I consider the ‘bandwidth problem’ and ‘matching problem’ are both problems that could plausibly be regarded as either non-technical or technical problems. Furthermore, these problems could plausibly be overcome with non-technical or technical solutions. I note that characterising a problem the invention seeks to overcome with technical terminology such as ‘bandwidth’ does not inherently imply the problem is technical.

Is the solution of the invention a technical solution?

78. The substance of the invention resides in the concept of using an identifier that links a payment to the **location** of a corresponding financial document. I consider the substance of the invention to provide a benefit over existing and known processes and methods. It allows for relatively quick and easy reconciliation of payment with the associated financial document.

79. I consider the present case can be viewed from two different perspectives. From one perspective, the invention is merely a use of pre-existing systems and generic computing devices to enable a business method, wherein the substance of the invention is a non-technical solution. From another perspective, the invention is a new use of computers and networks which results in a method for

use in business, wherein the substance of the invention provides a technical solution. These two alternate perspectives are considered below.

Non-technical solution ‘perspective’

80. From one perspective, the substance of the invention could be considered a convention for naming the location of documents which provides a non-technical solution. From this perspective, although the solution requires a particular configuration or architecture of a network and computers, these are generic network and computing devices, and do not provide a technical solution.

Technical solution ‘perspective’

81. From another perspective, the use of an identifier (specifically a URI) to have the dual purpose of supplying both the location of a financial document and the payment reference in an electronic payment system, provides a technical solution to identified problems (the ‘bandwidth problem’ and the ‘matching problem’).

Which is the correct perspective (technical vs. non-technical)?

82. Of these two perspectives, I consider the non-technical solution perspective to be unsatisfying. It reduces the invention to an abstract idea by overlooking the necessary elements of the invention. Although the invention involves a convention in naming the location of documents, this naming convention is only part of the substance of the invention. Similarly, although the invention involves the use of generic computing device, this is only part an aspect of the invention.
83. The use of a computer (server) which: a) the payer uploads a financial document, b) assigns a URI, and c) allows the payee to download the financial document (once the URI has been communicated via the reference field in an electronic payment system) is considered a technical solution to the problems the invention sought to overcome. The location of the financial document and the use of this location in the reference field of the electronic payment system are inexorably intertwined with the computing and networking systems. It is a technical solution because this synergistic utilisation of technology overcomes the problems faced by the inventor.

Manner of manufacture – summary of considerations

84. The above discussion can be summarised as answers to the list of relevant considerations provided in *Aristocrat Technologies Australia Pty Limited* [2016] APO 49 as follows:

1) Is there must be more than an abstract idea, mere scheme or mere intellectual information?

85. I am satisfied that the invention is more than an abstract idea, mere scheme or mere intellectual information. The assessment of this consideration is closely tied to the next consideration (the technical nature of the invention). As I have found that the contribution of the claimed invention is technical in nature, it follows that the invention is more than an abstract idea or scheme.

2) *Is the contribution of the claimed invention technical in nature?*

86. As discussed in paragraphs 82 and 83 above, I am satisfied the contribution of the claimed invention is technical in nature.

3) *Does the invention solve a technical problem within the computer or outside the computer?*

87. As discussed in paragraph 78 and 79 above, I consider that the problems being solved could be characterised as being either technical or non-technical.

4) *Does the invention result in improvement in the functioning of the computer, irrespective of the data being processed?*

88. The invention does not result in the improvement of the functioning of the (networked) computers, irrespective of the data being processed. In other words, the invention only results in an improvement in the functioning of the computer when the specific data being processed is taken into account. It is the relationship and location of the information which is being transmitted between computers which makes the invention useful; without this specific information the invention is merely a network of computers.

5) *Does the application of the method produce a practical and useful result?*

89. As discussed in paragraph 78, the method produces a practical and useful result.

6) *Can it be broadly described as an improvement in computer technology?*

90. The substance of the invention is not an improvement *in* the computer technology itself, and instead the improvement lies in how the computer technology is used.

7) *Does the method merely require generic computer implementation?*

91. As discussed in paragraph 80, the method requires only generic computer implementation.

8) *Is the computer merely an intermediary or tool for performing the method while adding nothing of substance to the idea?*

92. As discussed at paragraph 72, the computer is an integral part of the invention.

9) *Is there ingenuity in the way in which the computer is utilised?*

93. As discussed at paragraph 83 there is ingenuity in the way in which the computers are utilised.

10) *Does the invention involve steps that are foreign to the normal use of computers?*

94. Individually, all but one of the steps of the invention are the normal in use of computers. The exception is the step of using a URI in the reference field of an electronic payment system which could be considered foreign to the normal use of computers.

11) Does the invention lie in the generation, presentation or arrangement of intellectual information?

95. The substance of the invention resides in the information being transmitted through the network and how it is being transmitted. These two elements: the information and how the information is being transmitted, are intertwined - the invention does not *solely* lie in the generation, presentation or arrangement of intellectual information.

Manner of manufacture – summary of considerations - Conclusion

96. Some of the above considerations support of the invention being found to be a manner of manufacture, while some other considerations are against the invention being found to be a manner of manufacture, and the remainder of the considerations are indeterminate.
97. Of these considerations I believe consideration 2 – whether the contribution of the claimed invention is technical in nature – to be the most significant in the determination of manner of manufacture in this case and in this case I have found that the contribution is technical in nature. Though finely balanced, overall, I am satisfied that the invention defined in the claims is a manner of manufacture.

Conclusion

98. I find the claimed invention, as proposed to be amended, is inventive and a manner of manufacture.
99. Pursuant to sub-regulation 13.4(1)(g), the final date to gain acceptance is 3 months from the date of this decision.
100. I direct that the application be accepted.

Xavier Gisz
Delegate of the Commissioner of Patents