IPAB Intellectual Property Appellate Board
Guna Complex, Annexe-1, 2nd Floor, 443, Anna Salai, Teynampet, Chennai – 600 018.
Tele: 24328902/03 **Fax:** 24328905 **Website:** http://www.ipab.tn.nic.in

Dated the 16th December, 2011

ORIGINAL APPEAL NO.: OA/22/2010/PT/CH

(Arising out of order in original dated 27/3/2009 passed by the Assistant Controller of Patents & Designs, Chennai in the matter of the Patent No.IN/PCT/2001/01652/CHE)

Between

Applicant	Representative
YAHOO INC (FORMERLY OVERTURE SERVICE INC,) A DEALWARE CORPORATION HAVING ITS PLACE OF BUSINESS AT 701, FIRST AVNUE, SUNNYVALE, CA 94089, UNITED STATES OF AMERICA.	FEROZ ALI KHADER A4, AL HAFIZ RESIDENCY, 7, CATHERDAL GARDEN ROAD, NUNGAMBAKKAM, CHENNAI – 600 034.

Vs.

	Respondent	Representative
1)	THE ASSISTANT CONTROLLER OF PATENTS AND DESIGNS, PATENT OFFICE, INTELLECTUAL PROPERTY RIGHTS BUILDING, G.S.T.ROAD, GUINDY, CHENNAI – 600 032.	
2)	REDIFF.COM INDIA LIMITED MAHALAXMI ENGINEERING ESTATE, L.J. ROAD #1, MAHIM (WEST), MUMBAI – 400 016. INDIA.	GMS LAW ASSOCIATES, "ERODE HOUSE", NEW NO. 66, III MAIN ROAD, GANDHI NAGAR, ADYAR, CHENNAI - 600 020. INIDA

I am directed to send herewith the certified copy of the Order No. 222/2011 passed by the Hon'ble Board on 8th December, 2011 in respect of **OA/22/2010/PT/CH.**

DEPUTY REGISTRAR

Copy forwarded to:

1) FEROZ ALI KHADER, A4, AL HAFIZ RESIDENCY, 7, CATHERDAL GARDEN ROAD, NUNGAMBAKKAM, CHENNAI – 600 034.

2) THE ASSISTANT CONTROLLER OF PATENTS AND DESIGNS, PATENT OFFICE, INTELLECTUAL PROPERTY RIGHTS BUILDING, G.S.T.ROAD, GUINDY, CHENNAI – 600 032.

3) GMS LAW ASSOCIATES, "ERODE HOUSE", NEW NO. 66, III MAIN ROAD, GANDHI NAGAR, ADYAR, CHENNAI - 600 020. INIDA.

4) PTC (BY EMAIL)

5) MANUPATRA INFORMATION SOLUTIONS PVT. LTD, 16A, 2ND FLOOR, WELLINGDON ESTATE, 24, ETHIRAJ SALAI, CHENNAI-600 105 (BY EMAIL)

6) LIBRARY, IPAB

7) GUARD FILE

INTELLECTUAL PROPERTY APPELLATE BOARD

Guna Complex, Annexe-I, 2nd floor, 443, Anna Salai, Teynampet,
Chennai 600 018

OA/22/2010/PT/CH

THURSDAY, THIS THE 8TH DAY OF DECEMBER, 2011

HON'BLE Smt. JUSTICE PRABHA SRIDEVAN ... CHAIRMAN

HON'BLE Shri D.P.S.PARMAR ... TECHNICAL MEMBER (PATENTS)

Yahoo Inc. (Formerly Overture Service Inc.)
A Dealware Corporation having its place of business at
701, First Avenue, Sunnyvale,
CA 94089, United States of America ... Appellant

(Represented by Advocate: Mr. Feroz Ali with Shri Rohan George)

Vs.

1. Assistant Controller of Patents and Designs,
   Patent Office, Chennai,
   Intellectual Property Building,
   GST Road, Guindy,
   Chennai – 600 032.

2. Rediff.com India Limited,
   Mahalaxmi Engineering Estate,
   L.J.Road #1, Mahim (West)
   Mumbai – 400 016, India. ... Respondents

(Represented by Advocate: Ms. Sunitha K. Sreedharan with
Mr. G.K.Muthukumar for R2)

ORDER No. 222 of 2011

Hon'ble Justice Prabha Sridevan, Chairman:

One Overture Services Inc. (original patent applicant) applied on 14.05.2004 for patent of its invention titled in respect of "System and method for influencing a position on a search result listing generated by a computer network search engine" which was later amended to "A method of operating a computer network search apparatus". The application claimed priority from an US application 09/322677 dated 28.05.1999. The First Examination Report dated 30th December, 2004 raised 17 objections. The crucial objections were: the claim falls within section 3(k) of the Patents

Act, 1970 (the Act in short); claims 62 and 63 not sufficiently distinctive and that the question of novelty will be considered after the objections have been complied with. The applicant gave its response on 11.07.05 substituting the claims with a new set of claims 1-45 which included technical subject matter and, therefore, not excluded by S. 3 (k) of the Act. On 12.08.2005, the Patent Office sent its report and it stated that objection (i) had not been met and that it was not patentable under section 3(k); there is no novelty etc. To this again the appellant gave its response and deleted claim 1-25 relating to apparatus and also requested that the delay in the belated submission may be condoned. On 09.06.2006, the appellant was informed that the application had been found in order for grant, but it will be granted only after the disposal of pre-grant opposition (if any). On 20.04.2007 application was published. M/s Rediff.com India Ltd., filed a pre-grant opposition under S.25(1) on 22.10.2007. On 03.03.2009, the appellant had taken over the original applicant by merger and this was informed to the Patent Office. On 30.03.2009, the appellant was informed that the invention did not pass the novelty and patentability test.

2. Against that decision of the Controller an appeal was filed but it was un-numbered, in S.R.No.236/2009. This Appellate Board passed an order holding that the impugned order could not be treated as a refusal order u/s 15 of the Act and therefore, the appeal was not maintainable. Against that the appellant filed W.P.No.4462 of 2010 before the Hon'ble Madras High Court. The Division Bench held that the appeal was maintainable against the refusal of a patent under S.25 (1) of the Act since it is relatable to an order passed under S.15 of the Act, which in effect is one appealable under S.117-A of the Act. The Division Bench also held that the respondent No. 2 herein who had raised the pre-grant opposition was entitled to be heard and they issued a direction to this Board to number the appeal and to decide the matter on merits after giving an opportunity to respondent No. 2 and by considering its opposition. This is how this matter has come before us.

3. Learned counsel Mr. Feroz Ali assisted by Mr. Rohan George appeared for the appellant and Ms. Sunitha K. Sreedharan along with Mr. G.K.Muthukumar, learned counsel appeared on behalf of respondent No. 2.

4. The learned counsel for the appellant submitted that the grounds of anticipation were not proved; that the disclosure of the Beta version should be treated as "reasonable trial" under S.25 (1(d); D10 cannot be used to demonstrate prior use in India in view of S.32 of the Act; rejection of technical advance was erroneous; the office has adopted unfair practice in dealing with the appellant. The two Prior Art documents are, the Article by Danny Sullivan (D9) and the copy of the Frequently Asked Questions (FAQ) (D10). According to the learned Counsel for the applicant D9 and D10 can not be relied on for rejecting the patent. He submitted that even assuming without admitting it did, D10 does not enable a person skilled in the art to replicate the result. He submitted that the D10 is the earlier Beta version of the invention. He submitted that this alleged Prior Art had come from the appellant's own website and not from a third party source. He submitted that Sullivan (D9) cannot be said to anticipate the invention. He submitted that Sullivan did not enable the invention and FAQs are questions that may be asked by persons for which answers are given and this did not completely explain the invention to a person skilled in the art. According to the learned counsel 'enablement' is part of Indian Law as seen from S. 64 (1) (h). According to him S. 64 (1) (h) includes enablement. According to him sufficiency of description is, description that is clear and complete enough to enable the person skilled in the art to perform it. He referred to ***Synthon vs. Smithkline Beecham plc (2005 UKHL 59)***. He submitted that an invention can be a mixture of technical and non-technical features. According to the appellant the present invention is not mere bidding like *ebay*. It is competitive bidding. According to him, when there is a technical contribution when compared with the Prior Art that should entitle the appellant to get the grant of patent. He referred to (***2008 EWCA Civ 1066) Symbian Ltd. v. Comptroller of Patents*** where the Court had dealt with the issue of technical innovations in respect of excluded subject matter which in that case was a computer programme. According to the learned

counsel, D9 did not describe the major integers of the invention. It simply explains how the website goto.com works. The learned counsel submitted that assuming that it was held to be anticipation the law allows 'reasonable trial exception' but the Controller had failed to appreciate that though this ground was specifically raised.

5. The learned counsel submitted that the Controller erred in applying S. 25 (1) (d) to the instant case. The learned counsel submitted that even if one were to assume that D10 was the date of "public knowledge and public use, it was only three months earlier to the invention and therefore, within the time granted by S. 32 of the Act. The learned counsel referred to the decision of the Hon'ble Calcutta High Court in ***IPLR 2002 July 255 Dimminaco AG v. Controller of Patents***. The learned counsel submitted a list of patents that had been granted to Google and that they are similar inventions to companies in the same field as the appellant and in fact all of them refer to the present invention. The failure to adopt a uniform practice was noted in Dimminaco. The learned counsel also submitted that the invention was made ready for grant on 09.06.2006 and for 16 months for some reason patent was not issued though there was no opposition and it was only on 23.10.2007 that the respondent filed its opposition. By this delay on the part of the Patent Office for no valid reason, the appellant has suffered grievously.

6. The learned counsel for the respondent, Ms.Sunitha K. Sreedharan submitted that the alleged invention is merely a computer programme which performs the business method of causing the search listing with given key words provided by the user based on the amount of money deposited. It was submitted that the business method was not patentable u/S 3(k) nor was a computer programme. The 12 month use period is allowed only when the invention is disclosed in Government notified conferences or exception. In the present case the FAQ published three months prior to the filing of the patent application anticipates the invention. The corresponding application filed in Europe was dismissed and also the appeal. All the answers listed in the FAQ anticipate the invention. According to the learned counsel S. 64 cannot apply to a pre-grant opposition but to post grant proceedings, to issued patents. She further

submitted that when information is available on the internet without restrictions either geographical or territorial then it is publicly available.

7. The learned counsel submitted that even assuming that the invention relates to influencing the position it is still a business method. She submitted that the fact that Google was granted patents for inventions which were not patentable since they were "business methods is not relevant, the question here is whether the present invention is patentable or not.

8. The appellant had filed the evidence of an expert who is one Mr. Bernard James Jansen. He has academic experience in two universities and also at the US Military Academy. He is a Member of the American Society for Information Science and Technology (ASIST), Armed Forces Communications and Electronics Association (AFCEA), Association for Computing Machinery (ACM) *Special Interest Groups:* SIG-Information Retrieval and SIG-Computer Human Interaction, Association for Information Systems (AoIS), Association of Interest Researchers (AoIR), The Institute of Electrical and Electronics Engineers (IEEE) *Society:* Computer Society, and Society for Marketing Advances (SMA). According to this expert the recitation of technical means places the claim outside the scope of business methods. According to him the claimed invention is a mixture of technical and non-technical features and the retrieval of the bid amount from the advertisements account is actually done by technical means. According to him the invention simplifies the process of reconciliation and increases the efficiency of the computer system and "recording the account identifying information in a retrieval request found attributes of the technical character of the invention". This was a technical advancement and the prior art do not teach this. This evidence was not produced before the respondent No. 1. There is no serious attack on the evidence given by the expert.

9. We will now examine the various heads under which the impugned order examined the invention.

10. **Prior Publication:** The first objection is that US Patent 6078866 referred to as Buck was a prior publication. It was contended on behalf of the respondent that Buck taught a system for internet site searching and listing and a system which is subscription based linking of site listing. According to the respondent all the features of the impugned invention were anticipated by Buck. The appellant contended that Buck patent was published on 20.06.2000, whereas the priority date of the impugned invention was dated 28.05.1999. The Controller, therefore, rejected the objection that Buck patent anticipated the invention. We confirm this finding. The ground of anticipation by Buck is rejected.

11. **Novelty:** The next ground is that the invention lacks novelty because of the publication by Danny Sullivan on 03.03.1998 called "Search Engine Report", March 3, 1998, Number 16 (D9)

> *"GoTo Sells Positions*
>
> *Search engine GoTo debuted its new pay-for-placement service on Feb.21. It allows web site owners to bid for placement.*
>
> *Pay-for-placement is not new. Open Text experimented with it in mid-1996, and numerous small search directories currently offer the ability to pay for a better ranking.*
>
> ....
>
> *"This is an opening shot of changing the search engines from a white pages to yellow pages," Gross says.*
>
> *What he means is that with a white pages phone book, numbers are organized alphabetically. Money does not get you higher in the results, though some people use company names such as "A Typographical Service" to try and jumb ahead of others.*

With a yellow pages phone book, money is central. The more you pay, the bigger ad you can have. That doesn't make the yellow pages any less useful. It's a very convenient way to find businesses, and often those with the bigger ads are the better ones.

...

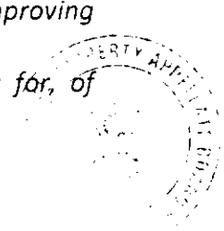
It's overstated to say only people who know how to trick the search engines get top listings. However, it's not far off the mark when it comes to some popular phrases or one word search terms. The more general and more popular the search, the more likely you'll see people who are aggressively fighting for a top placement.

....

These are sites that earn referral fees from people clicking through from their sites to other sites. The site owners make pages that the search engine algorithms think are relevant but which most people would probably consider junk.

...

Since time is money, it's easy to argue people are already buying their listings. For those without time or skill, they can turn to search engine placement services. These services will oversee the submission of bridge pages and monitor them for you constantly. They get paid by the click, so if you've got the budget, they can seem a saving grace to the otherwise confusing world of improving your placement. That's assuming you get the listing you are looking for, of course."



"...Search engines might create pages of links for these topics, carefully chosen for relevance. There would probably be a place for advertising on these pages, yet done right, it shouldn't offend anyone concerned over the results being "influenced."

...

To make a purchase, advertisers open an account and note how much they wish to "bid" per click. For example, Toyota currently comes up tops on a search for "cars," and the amount of $0.02 is displayed next to the listing. That means Toyota has agreed to pay 2 cents fro anyone clicking on its link.

Honda could open an account and chose to pay 3 cents per click. If so, it would rise above Toyota. In the case of a tie, the site which users have voted best gets the priority."

12. The appellant admitted that D9 describes an early Beta version of the system and that the present invention contains features not disclosed by D9. The appellant submitted that the Controller had not compared the claims in the specification with the disclosure in the prior art. He had rejected the distinctive features on the ground that "it had no technical character as the claimed recording means it has merely been reworded as computer system and all the rest are business strategy". The question whether the distinctive features had technical character is not relevant to determine whether D9 anticipates the present invention. For the purpose of established anticipation the Controller ought to have compared the disclosure in the prior document i.e.D9 with the disclosure in the present invention and decided whether on such comparison the prior document discloses the present invention. (***Glaverbel SA v. British Coal Corporation 1994 RPC 443*** and ***Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd., 1985 RPC 59***). Without such comparison, the impugned order had held that it was anticipated because the distinctive features had no technical character. Therefore, this finding that D9 anticipates the instant invention is flawed and it is set aside.

13. **Anticipation:** The next question is whether the FAQ D10 anticipates the instant invention. The respondent No. 2 had submitted that the process claimed in the invention was posted in the form of responses to the queries which indicate that the subject matter of the invention was available to the public and through the site

admitted to its being in existence months before the publication of D10. This is also evident from the media coverage received in the New York Times and Wall Street Journal. On behalf of the appellant it was contended that D10 cannot be considered a valid prior art because it is their own website. He submitted that this was only a trial version. He submitted that even assuming, that it was anticipation he would invoke the protection of S. 32 of the Act. S.32 of the Act allows the patentee admitting anticipation, a one year period before the priority date for the purpose of reasonable trial, having regard to the nature of the invention, to publish working of the invention. In the present case the priority date is 28.05.1999. If so, 27.05.1998 is when the 12 month reasonable-trial period would commence. If the patentee had made his invention public before 27.05.1998 then the patentee cannot claim the protection of S.32. The Controller accepted the ground of anticipation by the D10 as follows:

> *"The fact that the FAQ was from the applicant's own website shall not render it an invalid anticipation. The fact that the FAQ was in the website three months before the priority date of the application means that the trial version of the invention was in the website much earlier. The trial version ought to have been on the website before 27.05.98."*

The word 'much earlier' are not sufficient to take away the protection which S.32 gives to the patentee who is admitting anticipation of the claimed invention. There ought to have been a categorical finding that the trial version was working in public before the 12 month period for citing this D10 as a novelty destroying document. Any provision which operates as a rule of limitation must be construed strictly, for the rules of limitation take away a legal right. We point out here that the Controller had not rejected the case of the applicant that the working effected in public was not for the purpose of the reasonable trial or that it was not reasonably necessary having regard to the nature of the invention, which is what S.32 stipulates. He held that it was 'anticipated' because of the availability of the trial version of the invention earlier than the reasonable trial period. To arrive at this conclusion, the finding is vague. The date from which the period of limitation starts is definite and unchangeable. It is fixed. The

words "much earlier" and "ought to have been" are neither definite nor fixed to justify the finding that the invention was in existence 12 months before the priority of invention. In the absence of evidence that D10 was in fact on the website before 27.05.1998 we accept the defence of the appellant that the D10 is protected by S.32. This finding is set aside

14. **Prior Claims:** The grounds raised on priority claims were rejected by the Controller and no submissions were made before us challenging the rejection. Therefore this finding is confirmed.

15. **Obviousness:** The Controller rejected the grounds of obviousness and prior publication relying on US patent 6041326 and 607886 because they were published after the priority date of the invention. No submissions were made in this regard. In fact even in the written submissions it is stated that the respondent "were unable to adduce additional evidence of the publication of the US patent". Without any evidence we cannot interfere with this finding. This finding is confirmed.

16. **Prior Public knowledge and Prior use:** As regards prior public knowledge the respondent No. 2 submitted that use of any invention on the internet amounted to use in India. This is accepted by the Controller by referring to the phrase in the complete specification "search services are the most frequently used tool on the internet after email services". After extracting this, the Controller had held that therefore the use of an invention on the internet amounts to prior public knowledge and prior use. There is no mention in the impugned order of the specific documents or any other evidence to show this invention was used on the internet in India before the priority date. To hold that this was public working, there must be clear evidence of public knowledge. Without such evidence of public knowledge just by using a catch-all phrase like 'frequently used tool' the patent cannot be rejected on this ground. Any finding which is not based on reason cannot be accepted and is set aside.

17. **Invention not patentable:** Finally we come to the ground of non-patentability under S. 3 (k). If the claimed subject matter is not an invention or if the invention is not

patentable or if it is excluded by S.3 of the Act, then none of the other objections need to be considered. Only if the claimed subject matter is a patentable invention we need to look at anticipation, obviousness etc.

18. S. 3 (k) of the Patent Act, 1970 (as amended by the Patents Act, 2005) provides as follows:

> "3. What are not inventions
>
> The following are not inventions within the meaning of this Act, —
>
> ...
>
> (k) a mathematical or business method or a computer programme *per se* or algorithms;"

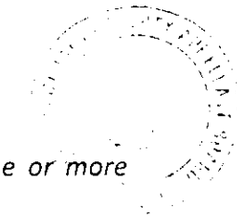
19. The Act defines 'what is an invention' and then marks out which inventions are not patentable. So the first test is the patentability test. If what is submitted falls within the S.3 subjects, then we need not explore further. If it does not, then we examine whether it is an invention as defined in S(2). If it satisfies the definition, it will have to cross the tests of novelty, non-obviousness, anticipation, disclosure etc. We may also, proceed as the impugned order has done, to deal with all the other tests and then examine if the invention is an excluded subject. We have followed the same order. Though one might justifiably decide first if the invention is patentable. If it is not patentable i.e. it falls within S.3 exclusion, then it might not be necessary to labour too much on the rest of the tests.

20. As a background for the invention, the Complete Specification has described how the internet has "emerged as a large community of electronically connected users around the world, and how it has evolved beyond its original purpose as a vehicle of exchange of information among government agencies, laboratories and universities for research and education and has now emerged inter-alia as a global electronic market place. It describes how the ever increasing sophistication in the design of the web pages has made the web an increasingly alternative medium for advertising. *"Search services are, after e-mail, the most frequently used tool on the Internet. As a result, web*

sites providing search services have offered advertisers significant reach into the Internet audience and have given advertisers the opportunity to target consumer interests based on keyword or topical search requests." It describes how the prior art rely upon processes that could generate irrelevant search results so it mentions how "Ideally, web site promoters should be able to control their placement in search result listings so that their listings are prominent in searches that are relevant to the content of their web site."

21. The Specification explains the object of the present invention . In the brief summary of the invention it is explained how the present invention seeks to address the problems. It refers to online competitive bidding process or the "pay for performance" process and it claims that it is better than conventional internet search queries which apply market principles to advertising on the Internet and observes "A tool enabling advertisers to target web search terms relevant to their business and to pinpoint the placement of their web site description within the search results provides a powerful advantage to businesses and others seeking to increase their web exposure.

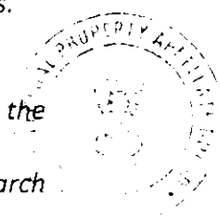
22. It explains that *"Preferably, each search listing corresponding to a bid is identified on the display as a paid listing. Most preferably, the bid amount is included on the identification. In addition, the search result list of the present invention is preferably combined with "non-paid" web site descriptions generated by a conventional Internet search engine, preferably including listings generated according to mathematics-based database search algorithms as discussed above. The combination of paid and unpaid listings helps ensure that the searcher will receive the most complete and relevant search results. Most preferably, the non-paid listings are considered to have a bid amount of zero and are therefore underneath the paid results.*



... The web site promoter first selects a search term comprising one or more keywords relevant to the content of the web site to be listed. The web site promoter influences the rank position for the search listing through an ongoing online competitive bidding process with other web site promoters. The bidding process occurs when an

advertiser enters a new bid amount for an existing search listing or enters a bid amount for a new search listing. Preferably, the promoter's bid is then processed in real time. This bid amount is compared with all other bid amounts from other promoters for the same search term, and generates new rank values for all search listings having that search term. The rank value determines the position where the promoter's web site description will appear on the search results list page that is generated when the search term is entered into the query box on the search engine by a searcher. A higher bid will result in a higher rank value and a more advantageous placement, which is preferably near the beginning of the search results list page. Preferably, the quantity used in the competitive bidding process is a money amount that the web site promoter will pay to an owner of the Internet search engine each time the advertiser's web site is referred by the search engine. Most preferably, this money amount will be deducted from an account balance that is retained in the promoter's account for each time the promoter's web site is referred by the search engine.

...Each account may also include the promoter's payment history and a history of search listings entered by the user. The promoter logs in to his or her account via an authentication process running on a secure server. Once logged in, the promoter may add, delete, or modify a search listing. The functions of adding or deleting a search listing, or modifying the bid amount of a search listing is to initiate the competitive bidding process described above. All search listing changes and modifications are processed substantially in real time to support the online competitive bidding process.



... As shown in step 840 of Fig. 8, upon receiving the request to update the advertiser's bids, the system calculates the new current bid amounts for every search listing displayed, the rank values, and the bid amount needed to become the highest ranked search listing matching the search term field. Preferably, the system then presents a display of changes at step 850. After the user confirms the changes, the system updates the persistent state by writing the changes to the account in the database.

The search listing data is displayed in tabular format, with each search listing corresponding to one row of the table 900. The search term 902 is displayed in the leftmost column, followed by the current bid amount 904, and the current rank 906 of the search listing. The current rank is followed by a column entitled "Bid to become #1"907, defined as the bid amount needed to become the highest ranked search listing for the displayed search term, The rightmost column of each row comprises a new bid input field 908 which is set initially to the current bid amount.

23. The claims submitted in the end and as accepted by the office are as follows:

1. A method of operating a computer network search apparatus for generating a result list (710) of items representing a match with information entered by a user through an input device connected to the computer network (20), the search apparatus comprising a computer system (22, 24) operatively connected to the computer network and the method comprising:

storing a plurality of items (344) in a database (38, 40), each item comprising information to be communicated to a user and having associated with it at least one keyword (352), an information provided (302) and a bid amount (358);

receiving a keyword entered by a user though an input device (12);

searching the stored items (344) and identifying items representing a match with the key word entered by the user;

ordering the identified items using the bid amounts (358) for the identified items, and generating a result list (710) including the ordered, identified items;

providing the result list (710) to the user;

receiving a request from the user for information regarding an item selected from the result list (710);

charging to an account of the information provider (302) associated with the selected item the bid amount (358) associated with the selected item; and

providing information providers (302) with authenticated login access to permit an information provider to modify at least the bid amount (358) associated with the information provider's listing (344);

wherein the computer system (22, 24) sends an indication of the status of the information provider's account to the information provider (302) in response to the occurrence of a predetermined condition.

2. The method as claimed in claim 1, wherein the items (344) in the result list (710) are ordered by decreasing bid amount (358).

3. The method as claimed in claim 2, wherein items (710e, 710f) in the result list (710) that have the same bid amount (358) are ordered from earliest to most recent time of creation.

4. The method as claimed in claim 1, wherein the items (344) which generate a charge to an information provider (302) are identified (750) in the result list (710) as paid items.

5. The method as claimed in claim 4, wherein the items (344) which generate a charge to an information provider (302) include an identification (750) of their respective bid amounts.

6. The method as claimed in claim 1, wherein the modification regarding an item (344) by an information provider is performed substantially in real time.

7. The method as claimed in claim 1, wherein an information provider provided with login access is permitted to change the manner by which the information provider's item (344) is matched with the keyword entered by a user.

8. The method as claimed in claim 1, wherein, at the request of an information provider provided with login access, an activity report is generated

automatically for at least one item for a specified time period, comprising information on at least one of the number of requests received from users for information regarding the item (344), the number of occurrences of a user entering a matching keyword, the number of impressions, and the click through rate.

9. the method as claimed in claim 1, wherein at the request of an information provider with login access, the cost of including an information provider's item in the database (38, 40) for a specified time period is automatically estimated.

10. The method as claimed in claim 1, wherein a bid amount (358) for an item (344) that would place the item in a desired rank among the ordered items is automatically calculated and provided to the associated information provider (302).

11. The method as claimed in claim 10, wherein the calculated bid amount (358) is a predetermined amount greater than the bid amount associated with the next ranked item in the ordered items.

12. The method as claimed in claims 1, wherein the item (344) comprises a title (360), a description (354), and a Uniform Resource Locator (URL) (356).

13. The method as claimed in claim 1, wherein said computer network (20) is the Internet.

14. The method as claimed in claim 1, wherein a match is based at least in part on a keyword (352) associated with an item (344) being a synonym of a keyword entered by a user.

15. The method as claimed in claim 1, wherein a match is based at least in part on a keyword (352) associated with an item (344) matching a canonicalized fonn of a keyword entered by a user.

16. The method as claimed in claim 1, wherein a match is based at least in part on a location associated with the information provider (302),

17. The method as claimed in claim 1, wherein a match is based at least in part on the language of text associated with an item (344).

18. The method as claimed in claim 1, wherein the status indication is an electronic mail message that is sent to the information provider (302) over the computer network (20).

19. The method as claimed in claim 1, wherein the status indication is a warning sent to the information provider (302) to replenish the account

20. The method as claimed in claim 1, wherein the status indication notifies the information provider (302) of a change in position in a result list (710) of an item (344) associated with the information provider (302).

21. A search engine apparatus operating over a computer network for performing the method claimed in any one of the preceeding claims.

24. The Controller concluded that the invention is only a business strategy and hence is not patentable.

25. The learned counsel for the appellant submitted that the technical advancement had been clearly brought out in the response to the office objection and that has been totally ignored by the Controller. The learned counsel also submitted that the evidence of the expert which has been filed at the stage of the appeal which also refers to the technical and non-technical features ought to have been considered by the Controller, especially since there was no serious objection to the Expert's evidence by the respondent. The learned counsel referred to the decision in ***Symbian Ltd. vs. Comptroller of Patents, Court of Appeal,((2008) EWCA Civ 1066)*** where the Court of Appeals had explained how Court should deal with matters when there is a technical advancement in respect of excluded subject. The learned counsel appearing for the respondent submitted that however craftily the specifications may be drafted, the fact

remains it is only a business method and, therefore, excluded under S.3 (k) of the Patent Act.

26. S 3 lists what are not inventions and begins with the words "The following are not inventions within the meaning of this Act" and sub-section (k) excludes a mathematical or business method or a computer programme *per se* or algorithms are excluded subject matter. Now this Section has to be read so that there is no conflict between S.2(j), 2 (ja) and S.3 (k). S.2 (j) reads as follows:

> *"(j) "invention" means a new product or process involving an inventive step and capable of industrial application;"*

S.2(ja) reads as follows:

> *"(ja) "inventive step" means a feature of an invention that involves technical advance as compared to the existing knowledge or having economic significance or both and that makes the invention not obvious to a person skilled in the art;"*

When the patentee explains that there is an inventive step which is a technical advance compared to the existing knowledge (state-of the-art) or that it has economic significance that would not give him the right to a patent as such. "The inventive step' must be a feature which is not an excluded subject itself. Otherwise, the patentee by citing economic significance or technical advance in relation to any of the excluded subjects can insist upon grant of patent thereto. Therefore, this technical advance comparison, should be done with the subject matter of invention and it should be found it is not related to any of the excluded subjects. Now D9 deals with what is alleged to be an earlier Beta version of the system developed by the appellant and D10 is the FAQ which relates to the impugned invention. According to the appellant, D10 cannot be said to be prior art because it is what is found in the appellant's own website and is covered by S.32 and D9 is an earlier and less refined version of the invention and there is a technical advance made in the present invention and, therefore, the appellant is entitled to patent. The learned counsel for the appellant also submitted

that the method for which patent is sought for is like an auction but it is not quite an auction. It combines the features of an auction and the Yellow Pages in a directory but in real time. Therefore, when we click on the hyperlink it selects the pre-determined files and put the bidder in a location which is based on the increasing order. It compares one advertiser's bid amount with the other advertiser's bid amount and depending on the order of the bids, the position of the advertiser's constantly keeps changing and the amount is deducted from the advertiser's account as and when a third party clicks on the advertisement. Therefore, if the information provider makes higher bids he automatically gets a more advantageous position. This is described in D9 as 'pay for placement'. But it is contended by the appellant that there are features in the present invention which technically improves what is described by Danny Sullivan in D9.

25. In the affidavit given by the expert, it is stated that:

> "10. The technical problem solved by the present invention is how to implement the search apparatus efficiently so as to reconcile between click-through and an account of an information provider. The invention achieves this by simplifying the process of reconciliation. This increases the efficiency of the computer system and the manner in which it operates. By recording a retrieval request event including account identification information that is used to charge an account of an information provider, the present invention solves this problem by technical means and makes the system more efficient.
>
> 11. The present invention suggests that the retrieval request events including account identification information should be recorded in order to charge an account of an advertiser. Recording the account identification information in a retrieval request even contributes to the technical character of the invention since it enables the efficient reconciliation of a click through with an account. This is a technical advancement over the prior art as it facilitates user efficiency.

The prior art did not teach how recording the retrieval request could make the system more efficient."

26. According to the expert, the present invention solves the problem of how to reconcile the clicks and the account of the information provider by simplifying the process of reconciliation. According to him it increases the efficiency of the computer system and according to the expert when the retrieval request is recorded which includes the account identifying information, it is used to charge the account of the information provider the efficiency of the system is increased. According to the expert this is a technical feature over the prior art and it is not a mere business strategy.

27. The response dated 28.12.2005 to the objection raised on 12.08.2005 that the invention was only a business method is very important. It is here that the patentee explains in its own words how the invention is really a technical advance and not a business method. It is explained that "The amount of information available on the internet presents many technical problems to a search engine developer seeking to arrange the results of a search in a useful manner. The present invention solves this problem by associating keywords with money amounts and ordering search listings in a result list using those money amounts, thus increasing the probability that useful search listings will be at or near the top of the result list. Consequently the claimed invention has technical character and it is not a mere algorithm or business method". Then the appellant deleted the system claims 1 to 25 and retained the method claims 26 to 45.

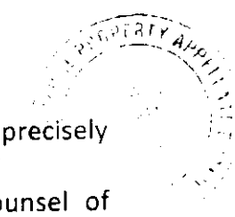
28. The method comprises a database where several items are stored, each item contains information to be sent to a user which is associated with at least one key word, an information provider and a bid amount.

29. The user enters the key word, from the stored items the item matching the key word is identified, then on the box of the associated bid amounts a result list is generated in the order of the bid amounts. This list is given to the user. When the user requests for information with reference to one item of the result list. The amount of

the information provider associated with this item is charged with the bid amount associated with the selected item. The method provided for modification of the bid amount by the information provider with the authenticated login access. The ranking in the list depends on the bid amount.

30. The D10 is admitted to be a reasonable trial under S.32. We have held that it does not anticipate the invention because there is no evidence to show that it was 'tried' earlier to the 12 month period i.e. before 12.05.1998. But we can look at D10 to see what is the invention.

31. This is what we understand from D10.The person opening a new advertising account has to pay $25. This is non-refundable. Any amount over and above this is refundable. This is a credit against future click throughs. It is used to pay for the search term advertisers on the search result pages. The advertiser pays upfront and the bid amounts chosen for the search terms are deducted from the account balance as consumers click through to the advertiser's site from the search result pages. When the advertiser specifies the maximum amount he will pay for advertising, it creates an advertising account which is paid upfront, and every time some one clicks, the appellant deducts from the advertiser's prepaid balance the amount that was bid on that search term. The advertiser pays not for the listing but for the clickthrough to his site. The advertiser may purchase any number of search terms relevant to his site. If two or more advertisers have the same bid on the same search terms, there is a tie-breaker feature which will give priority to the person who bid first. This tie-breaker feature is explained in D9 as we have seen herein above where it is said that the site which gets best voted gets priority.



32. In Symbion the Court acknowledges that computer programme is not precisely defined. It is so, in the case of business method, too. The Advisory Counsel of Intellectual Property, Australia has acknowledged the difficulties that arise because business method has not been precisely defined in any jurisdiction. In Shri Rajagopala Ayyer's Report on the revision of the Patents Law we find this piece of wisdom. *"I*

consider that if a state proceeds to define what is not patentable, it is much more satisfactory that it should be as exhaustive as possible in respect of that matter than that some portion of it should be left to be dealt with on the basis of the case law on the subject... The form I have adopted would leave not much room for doubt or ambiguity.

33. In the "ACIP - Report on a Review of the Patenting of Business Systems" we find the following extract:

> *"Definition of 'Business System'*
>
> *The term 'business system' (or business method, model, scheme or process) is a generic one and not precisely defined in any jurisdiction. It has been used to describe diverse fields ranging from sporting techniques to managing financial transactions. A clear definition was required to clarify the scope of the ACOIP review. With the assistance of the Intellectual Property Research Institute of Australia (IPRIA) the following summarized definition of a business system was developed for the Issues Paper: A business system is a method of operating an enterprise, or of processing financial or management data, in a field of economic endeavour."*

This definition was further reworded to provide a more general definition as "A business system is a method of operating any aspect of an economic enterprise."

34. The Manual of Patent Procedures 2008 relating to business method:

> *""Business Methods" claimed in any form are not patentable subject matter. The term 'Business Methods' involves whole gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services. With the development of Internet Technologies, business activities have grown tremendously through e-commerce and related B2B and B2C business. The claims are at times drafted not directly as business method but apparently with hitherto available technical features such as internet, networks, satellites, tele-communications, etc. The exclusions are carved out for all*

business methods and, therefore, if in substance the claims relate to business methods, even with the help of technology, they are not considered to be patentable."

35. When we look at the broad explanations of business method extracted above, the expert evidence , D10 and the appellant's own response dated 28-12-2005, the invention appears to us to be still a method of doing business, even if it is a technically smarter way of doing business. It increases the chance of the higher bidders being closer to the top. This is the patentee's own explanation in its response to the 3(k) objection which we have extracted above.

36. The learned counsel repeatedly said that we must place ourselves in 1998, to decide the patentability and what appears so easy and familiar today was new then. Even if we go back in time to 1998 the nature of invention is still a method of doing business. That does not change. There are huge innovations in the computers themselves, but the invention claimed is not for the machine but for the method. From whichever point of time we look at it, it still looks to be a business method.

37. The subject of business method patents has aroused a wide debate. When Alice in Wonderland asked the question "Why with an M?", the answer was "Why not with an M?"" We too have "Why Business Method Patents" and "Why not Business Method Patents" questions jostling around. Therefore we will deal with this in some detail. For comparison we will look at these Acts. Sub-section (2) of the U.K. Act provides for these patent eligibility exceptions:

> "(2) it is hereby declared that the following (among other things are not inventions for the purposes of this Act, that is to say, anything which consists of—
>
> (a) a discovery, scientific theory or mathematical method;
>
> (b) a literary, dramatic, musical or artistic work or any other aesthetic creation whatsoever;
>
> (c) a scheme, rule or method for poerforming 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."

Article 52 (2) of the European Patent Convention (EPC) mentions these:

" (2) The following in particular shall not be regarded as invetions within the meaning of paragraph 1:

(a) discoveries, scientific theories and mathematical methods;

(b) aesthetic creations;

(c) schemes, rules and methods for performing mental acts, playing games or doing business, and programs for computers;

(d) presentaitons of information.

(3) Paragraph 2 shall exclude the patentability of the subject-matter or activities referred to therein only to the extent to which a European patent application or European patent relates to such subject-matter or activities as such."

The US Act provides as follows:

"35 USC 101. Inventions patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title".

To this broad patent eligibility principles, there are three specific exceptions "laws of nature, physical phenomena and abstract ideas."

38. In "Why Business Method Patents" (by John F. Duffy, Stanford Law Overview Vol 63:1247) we get a very interesting overview of how the law in USA followed the technological and industrial changes and accommodated them.

" A dozen years ago in State Street, the Federal Circuit welcomed business method patents.....In Bilski, the Supreme Court's tone was utterly different. The Court accepted the patentability of business methods but it did so grudgingly, with the majority opinion even emphasizing that the law might not allow "broad patentability" of such inventions. And the difference was more than just tone. In State Street, the Federal Circuit held unequivocally that the invention at issue there did fall within patentable subject matter. Bilski unequivocally held the opposite."

...

Yet within the category of business methods, as opposed to business machines, even the majority of the Court seemed to believe that, while the Patent Act "open[s] the possibility of some business method patents," the statue may "not suggest broad patentability of such claimed inventions." Furthermore, while four of the Justices from the majority opined that patentable subject matter should not be interpreted so narrowly as to exclude the innovations of the information age, nothing in any of the Court's opinions showed a willingness to recognize a "business method age" or to provide anything more than grudging accommodation for innovations of such an age."

...

Yet that was only the beginning; it was the genesis of the modern wave of business method patents. The administrative acceptance of such patents, and ultimately, the judicial acceptance (halting as it is), occurred only because of a complex alignment of forces within the legal world, including the absence of any clear statutory language or Supreme Court precedent foreclosing the possibility of business method patents; the happenstance of a congressional amendment that ironically strengthened the legal basis for recognizing business method patents even as it was curbing the rights associated with them; the Supreme Court majority's current embrace of textualism in statutory interpretation; and perhaps also the Court's ability to rely on the established "abstract idea" exception to limit patentability to meritorious business method patents." In contrast, in India, the law specifically excludes business methods. There is

clear statutory language excluding business method patents and no administrative acceptance of them.

39. In the judgment of the Federal Court Judge Mayer(dissenting) ***In re Bilski*** *(645.F.3d 943)held that:*

> *"The patent system is intended to protect and promote advances in science and technology, not ideas about how to structure commercial transactions. Claim 1 of the application ... is not eligible for patent protection because it is directed to a method of conducting business. Affording patent protection to business methods lacks constitutional and statutory support, serves to hinder rather than promote innovation and usurps that which rightfully belongs in the public domain. State Street and AT&T should be overruled."*

40. Mathew Fish in "Patent Law: Interpretation and Scope of Protection" answers the question why patent," as follows: The raison d'etre of patent is the monopoly it confers" and "the patent is obtained because of its ability to exclude competition and provide momopoly profit to the enterprise that owns and exploits it."

41. For inventing business methods no incentive is required because better business methods are necessary ingredients of the art of doing business and further the need for making more money is inexorable. Secondly the exclusion of competition may really be counter-productive to the technological prosperity of the society.

42. Some extracts from the judgment of the US Supreme Court in Bilski may be relevant. *"[C]ompanies have ample incentives to develop business methods even without patent protection, because the competitive marketplace rewards companies that usemore efficient business methods."*

"The primary concern is that patents on business methods may prohibit a wide swath of legitimate competitionand innovation."

"If business methods could be patented, then many business decisions, no matter how small, could be potential patent violations. Businesses would either live in constant fear of litigation or would need to undertake the costs of searching through patents that describe methods of doing business, attempting to decide whether their innovation is one that remains in the public domain."

"Congress and the courts have worked long and hard to create and administer antitrust laws that ensure businesses cannot prevent each other from competing vigorously. If methods of conducting business were themselves patentable, then virtually any novel, nonobvious business method could be granted a federally protected monopoly. The tension this might create with our antitrust regime provides yet another reason for skepticism that Congress would have wanted the patent laws to extend to business methods."

43. This then appears to be the 'judicial' block so that even when the US law does not specifically mention 'business method' as an excluded subject, there is a view that it is not eligible for patent protection. The U.S. law does not exclude business methods from patentability at the same time, the U.S. Supreme Court in Bilski says *"it does not suggest broad patentability of such claimed invention"*. The judgement gives a reason why *"The Information Age empowers people with new capacities to perform statistical analyses and mathematical calculations with a speed and sophistication that enable the design of protocols for more efficient performance of a vast number of business tasks. If a high enough bar is not set when considering patent applications of this sort, patent examiners and courts could be flooded with claims that would put a chill on creative endeavour and dynamic change"*. The Supreme Court has adopted a textual approach. *"Today, the Court once again declines to impose limitations on the Patent Act that are inconsistent with the Act's text"*. In conclusion the Supreme Court held that hedging is an unpatentable abstract idea. Obviously the Court felt that businesses will be afflicted by patent litigation fear and the climate would be overcast by what is tellingly described as *"chill on creative endeavour and dynamic change.""*

44. In ***Symbian vs. Comptroller of Patents (supra)***, the application in question was "Mapping dynamic link libraries in a computing device". It was a method of accessing data in a dynamic link library in a computing device. The Act in question was the UK Act, 1977 and in S. 1(2) the Act excludes "a scheme, rule or method... for doing business, or a program for a computer." In Sybmian the Court asked the question Whether the claimed technical contribution can be said to be the excluded subject matter itself or whether the claim is actually technical. That is why the UK and European Acts uses the phrase "as such" to limit the area of non-patentability. Perhaps Symbian acknowledges the lack of clarity in the words "as such", and also that *"The danger is all the greater because the concept of a "technical" contribution is imprecise"*. Symbian approved of Merril Lynch's application which held that if there is *"some technical advance on the prior art in the form of a new result (eg. A substantial increase in processing speed as in Vicom)"* it might be possible to obtain a patent. Symbian also recognised the difficulty in being too precise about deciding the feature. *"Each case must be determined by reference to its particular facts and features"* In Symbian, the Court dismissed the Controller General's appeal against the order setting aside his refusal to grant patent on the ground of non-patentability.

45. The U.K. Court approved of the view of the Board in Gameaccount Ltd., T. 543/2006 where it was held that:

> *"...It cannot have been the legislator's purpose and intent on the one hand to exclude from patent protection such subject matter, while on the other hand awarding protection to a technical implementation thereof, where the only identifiable contribution of the claimed technical implementation to the state of the art is the excluded subject-matter itself."*

46. If the present case is tested by these views, and if the technical advancement is itself only a business method, then the mere fact that there is a technical advance will not give any advantage to the appellant. The U.K. Court also observed that it is not easy

to identify the precise ambit of exclusion of computer programmes. Similarly we too have a difficulty in explaining what exactly is a business method. It has not been defined. But in this case one thing is clear. In the invention there is an exchange of business viz., bid amount, bidder's account and position of advertisement. Symbian again refers to the same decision mentioned above where it was held that there must be "Further technical advance or facts associated with specific features of implementation over and above the facts and advantages enhanced in the excluded subject matter". In that case, it was held that the effect of the alleged invention improved the speed and reliability of the function of the computer. It was not just a better programme but it was a fast and more reliable computer.

47. We will also look the decision of the Technical Board of Appeal, European Patent Office with regard to the same patent applications, in an appeal appellant herein was also the appellant before the European Patent Board. The Board rejected the appeal and affirmed the refusal of grant of patent on the ground of anticipation. The Board was convinced that D10 was a prior art with relation to the present invention. The relevant paragraphs from the decision of the Technical Board of Appeal is extracted here under:

> *"4. Such type of identification information is disclosed in document D10. The prior art process uses "referral URLs" encoded into the search result page (see for example d10, section "Opening a New Advertising Account", the penultimate sentence of the answer to the question "I'm not able to see the site/the online form etc"). At least by means of such URLs the account management is above to track the click-through to the advertiser's site from the search result page and to charge the agreed money amount to the correct account (see last sentence of the answer to the question "What is the $ 25 credit amount?").*
>
> *5. The delimitation of the independent method claims (claim 26 in all requests) against the prior art of document D10 is undoubtedly correct in so far as the respective first claim portion contains only features which form, in combination,*

part of the prior art of document D10. Taking into account, however, the broad scope of the term "account identification information" (see above), the Board determines that the features of the characterizing portion are also fully in the prior art of document D10.

...

7. Features B (above) is anticipated by document D10. Section "Opening a New Advertising Account" indicates in the answer to the question "What is the $25 credit amount?" that "the bid amounts ... deducted from your account balance as consumers click through to your site from our search results pages", in the answer to the question "How are the search term bids related to this amount?" that "Every time someone clicks through ... we deduct from your prepaid balance the amount you bid on that given search terms ..." and in the answer to the question "What is a bid price?" that "The bid price is the amount you are willing to pay for a user click through to your site from our search results listings after they have performed a search on your search term".

It was also held that though the answers were fairly brief in the D10 it was clear that of every click through from the search result page with the advertiser's site, a money amount was automatically deducted from the advertiser's account. The chance of the amount was selected by the click.

In para 11 of the above mentioned decision it was held that:

"In summary, all distinguishing features A, B, C, D, and E above, are anticipated in combination, by the prior art process of document D10.

It follows that invention claimed according to the present requests does not comply with the requirement of novelty (Article 52 (1) EPC and Article 54(1) and (2) EPC 1973) so that the appeal cannot be allowed on its merits.

48. The management of the account uses the information from the search terms and the URL to identify the advertiser and the advertiser's account and to match the

account number. The appellant who invokes S. 32 of the Act admits that D10 anticipates the claimed invention. The EPO held that there was anticipation. We have given our reasons for not accepting anticipation by D10, the earlier paragraph in view of the S.32 protection. However, the above extracts from the European Patent Office order only show that the claimed invention is only a method of doing business which is, the advertisers pay for better placement and the bid is registered and the amount debited from the advertiser's account according to the bid made. Even if we use the description employed by the learned counsel for the appellant that it is an auction combined with the Yellow Pages, all happening in real time it is still a method of doing business, by providing service to advertisers who want to have the prime place in the selected page and for which they bid and their account is debited accordingly. In doing so the service product seeks to place the facts (bid amount) or advertisement (information) in hierarchy based on the payments made. This is nothing but doing the advertisement business electronically. Even the technical advance that is claimed over the existing art is only an improvement in the method of doing business and S.3(k) is clear that business method cannot be patented, the fact that there is an advance has not improved the case. Therefore, we affirm that this ground alone is sufficient to reject the present application. The impugned order could have been more clear while giving the conclusion regarding patentability. But the conclusion is correct and is affirmed.

49. All the findings except the objection under S. 3(k) are found in favour of the appellant. But since the invention falls under S.3(k) and is not patentable, the appeal is dismissed.

50. The learned counsel for the appellant referred to several patents granted for business methods to Google and cited the ***Dimminaco AG v. Controller of Patents (IPLR 2002 July 255)***. We are not going into the question whether Google ought to have been granted patent or not. We have found that this invention cannot be granted patent. However, it cannot be disputed that there should be a uniform practice, when similar inventions come up for grant of patent. There cannot be conflicting positions. If indeed

the Patent Office had been adopting different standards, it is not desirable. If the patents granted to Google suffer from the same vice of S.3 (k) then as and when the question arises, it will be dealt with. But we cannot allow this appeal, ignoring the patentability bar merely because it is alleged that in other cases erroneous decisions have been issued. We cannot examine the correctness of those grants in the absence of that patentee.

51. For the reasons given above, the appeal is dismissed with costs.

Sd/-
(D.P.S.PARMAR)
TECHNICAL MEMBER (PATENTS)

Sd/-
(JUSTICE PRABHA SRIDEVAN)
CHAIRMAN

psn

Reportable : Yes/No

CERTIFIED TRUE COPY