

Patent | Case Law Update

Balancing Patent Eligibility: Delhi High Court's Ruling on Assessing Technical Contributions in Computer-Related Inventions

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In a recent case of Microsoft Technology Licensing, LLC v Assistant Controller of Patents and Designs, Microsoft filed a patent application in India in 2003, for an invention that enables secure user authentication when accessing network locations, thereby enhancing the network's security and safeguarding it against potential breaches or unauthorised activities. In mid-2016, the Indian Patent Office (IPO) issued the First Examination Report (FER) which raised objections regarding novelty, inventive step in view of cited prior art references (D1-D5), non-patentability of the invention under Section 3(k) of the Indian Patents Act, 1970 (the Act) which relates to algorithm and

the computer program per se, and the lack of clarity and conciseness regarding the scope of the claimed invention under Section 10(4)(c) of the Act.

Microsoft filed responses to the FER addressing all the objections, and subsequently a hearing notice was issued by the IPO, highlighting the objections that were raised earlier in the year; i.e. lack of novelty and inventive step, non-patentability, and a lack of clarity and conciseness regarding the claimed invention's scope. After the hearing, Microsoft presented written arguments. However, their patent application was rejected by the Controller, who also issued a refusal



order (impugned order) in mid-2019 stating that the application was nonpatentable under Section 10(4) (c) and Section 3(k) of the Act since the method described in the claims involved utilizing cookies and memory to identify network address locations, indicating that the innovative aspect relies on the non-patentable subject matter, specifically computer programs and algorithms. Microsoft decided to appeal this decision to the Delhi High Court.

The debate between the parties revolved around whether the invention involved technical advancements and contributed to solving technical problems. Microsoft argued that the impugned order violated the principles of natural justice by not clearly stating the grounds for rejection. Additionally, the interpretation of section 3(k) disregarded the technical contributions and the landmark decisions such as *Ferid Allani v Union of India and Others*, and *Telefonaktiebolaget LM Ericsson (PUBL) v Intex Technologies (India) Ltd*. Further, Microsoft strongly emphasized that the invention involved a technical process, solved technical problems, enhanced network security, and was in fact, a combination of software and hardware.

The Controller stood by the impugned order, stating that it was reasonable as the invention fell under algorithms and computer programs implemented on a computer device. Further, they claimed that the invention merely improved the user experience and efficiency regarding the interface, not the hardware itself.

The Court acknowledged the technical problem the invention addresses and how it enhances network security by restricting access to specific sub-locations. The Court then considered the legislative history and interpretation of Section 3(k) and emphasized the importance of evaluating technical contributions and effects while determining patent eligibility for computer-related inventions (CRIs).

The Court observed that regardless of the legislative intent, the Court's interpretation of the matter, and established judicial precedents, the IPO still considers

the requirement of new hardware when determining whether CRIs are eligible for patents. A mathematical or computer-based method does not automatically exclude an invention from being patentable, as long as it provides a technical effect or contribution. Further, the Court observed that the method claims in computer program patent may be patentable if it solves a technical problem, offers some technical benefits, involves a technical advancement, and/or has an improved technical effect on the underlying software.

The Court directed the Controller General of Patents, Designs, and Trademarks to take appropriate action for clear guidelines to assess technical contributions, ensure consistency, and avoid ambiguity in the patent system. It also stressed the importance of providing examples to guide examiners and keep the patent system up-to-date with technological advancements.

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The Court opined that merely categorizing claims as computer-executable instructions or algorithms performed on a general-purpose computing device is not sufficient grounds for rejecting a patent application. Microsoft's claimed invention possibly could improve computer functionality or efficiency such as enhancing security and user experience. IPO's impugned order was deemed to be a result of misinterpretation and overlooking the technical effect and contribution of the invention. As a result, the Court set aside Controller's order and ordered IPO to re-examine the patent application for novelty and inventive steps within one month from the date of the Court's order.

Key Takeaways:

- The Court directed the IPO to adopt a detailed approach for assessing CRIs, considering the technical effect and contribution rather than merely focusing on the implementation of algorithms and computer-executable instructions.
- An invention should not be objected to as being related to a computer program per se just because it involves algorithms and computer-executable instructions. It should be evaluated based on the technical enhancements it offers and solving a real-world problem.
- A well-researched and accurate assessment of the patent's eligibility should be conducted to ensure that the inventions deserving protection are granted based on their merits as laid down in the Act.

Addendum: Demystifying the Evolution of Section 3(k): Timeline of Changes and Guidelines

1999	The Patents (Second Amendment) Bill, 1999 introduced in the Parliament included section 3(k) that deals with “computer programs”.
2001	A Joint Parliamentary Committee (JPC) tabled a report on December 19, 2001, before the Indian Parliament recommending the clause “per se” in section 3(k), and stated that the intention was not to reject patents to computer programs if they are inventions.
1999	Patents (Amendment) Act, 2002 was enacted which reads section 3(k) as under:“(k) a mathematical or business method or computer programmer per se or algorithms;”
2004	The President of India passed the Patents (Amendment) Ordinance, 2004, w.e.f 1st January 2005, which reads section 3(k) as under: (b) for clause (k), the following clauses shall be substituted, namely: - “(k) a computer programme per se other than its technical application to industry or a combination with hardware; (ka), a mathematical method or business method or algorithms;”. However, the ordinance was not approved by the Parliament.
2013	The CGPDTM introduced the first guidelines for examining patent applications of Computer Related Inventions (CRI) in 2013
2016	CRI guidelines were introduced later suspending the CRI guidelines - 2013. The CRI guidelines, 2016, were also dropped, due to several concerns caused by the three-step test and the requirement of novel hardware in combination with computer program/software in a method claim.
2017	CRI guidelines, 2017, were then issued to address the concerns and provide more clarity and consistency in the examination of CRIs, deleting the requirement of novel hardware, and focusing on the substance of the claims over the forms.
2019	The Manual of Patent Practice and Procedure (MPPP) was issued in 2019, which also refers to CRI guidelines, 2017. Both the guidelines and the MPPP clarified that inventions that involve a technical contribution or technical effect may be patentable even when implemented as computer programs.