

Patent | Case Law Update

Delhi High Court Reinforces Indian Position on Business Method Patents

By Kapil Kumar

In May, the Delhi High Court affirmed the Indian position on the non-patentability of “Business Methods” in the case of *Open TV Inc. v The Controller of Patents and Designs*. The Court stated that for a business method to be patentable, it must address a business or administrative problem and provide a solution in its own form, separate from being just a business method.

The case involved an appeal by Open TV Inc. (Open TV), a California-based company, against the rejection of their patent application titled “System and method to provide gift media” by the Controller of Patents and Designs (Controller). The rejection was primarily

based on the subject matter falling under Section 3(k) of the Indian Patents Act (Act), which deems business methods non-patentable. Additionally, the Controller raised objections on the ground of lack of novelty and inventive step, non-patentability under Section 3(m), insufficiency of disclosure, and definitiveness of claim. Further, the Controller submitted that the newly introduced claims were only dependent claims, and were in violation of Section 59 of the Act. The Controller finally argued that the suit patent was a business method, as its claims focus on the aspect of giving a media item as a gift and hence not patentable under Section 3(k).



As a counter, Open TV submitted that the Controller had not adequately assessed how the scope of the present independent claims was expanded by the amendments. They argued that the invention had practical applications and provided a technical selection and distribution of media items.

To address the Section 3(K) objection, Open TV relied upon *Ferid Allani v Assistant Controller of Patents & Designs*, along with various Intellectual Property Appellate Board (IPAB) and England and Wales Court of Appeal (EWCA) decisions. They maintained that the potential financial gains from a patented invention should not automatically categorize it as a business method claim. Open TV further claimed that the novelty of their invention was in the two-way communication channel, which was an advancement over the one-way communication prevalent in prior art. They referred to *Yahoo Inc. v Assistant Controller of Patents and Designs and Ors.*, to argue that using network architecture to conduct new business should not disqualify the patent application.

In respect of the Section 59 objection, Open TV claimed that the amendments to the claims were only clarificatory in nature and were, in fact, narrower than the original claims. However, despite the submission the Controller refused the application.

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The Court, however, upheld the rejection of the patent application. The Court reaffirmed the principle that amendments to claims are permissible as long as they are within the original scope and do not broaden it, referencing *Nippon A And L Inc. v The Controller of Patents and Boehringer Ingelheim International GmbH v The Controller Of Patents & Anr.* Further, relying on *Societe Des Produits Nestle Sa v Controller of Patents and Designs*, the Court upheld

that amendments can be allowed at the appellate stage, provided they fulfil the requirements under Section 59 of the Act and do not breach the scope of the original claims. However, in this case, the proposed amendment sought to widen the original claim, which was not permissible.

Further, the Court addressed the non-patentability of business methods under Section 3(k), underscoring its absolute exclusion irrespective of technical effects or advancements. The Court clarified that the only question to consider is whether the patent application addresses a business or administrative problem and provides a solution. Distinguishing from the UK's and the European Union's patent laws (Section 1(2) of the Patents Act, and Article 52 of the European Patent Convention, respectively), the Court stressed that the term 'per se' as used in Section 3(k) does not apply to business methods, thus indicating the legislative intent of stricter scrutiny for business method inventions. The Court outlined considerations for examining business method claims, such as whether the invention enables the conduct of a particular business, claims exclusivity over a business method, or is a technical-oriented computer program.

Citing the case of *Halliburton Energy Services v Comptroller*, the Court reaffirmed the broad nature of the patentability exclusion applicable to business methods. Finally, the Court concluded that the invention essentially enabled a business method, hence non-patentable.

The Court also expressed cognizance of the Parliamentary Standing Committee's report on reviewing India's IP regime, acknowledging concerns over the exclusion of numerous potential innovations due to Section 3(k). It advised for legislative intervention to possibly amend this provision, given the rise of innovations in emerging technologies. This reflects the Indian Courts' awareness of the evolving innovation landscape and an acknowledgement of the need for legal frameworks to keep pace.