

Making sense of software

With the Indian Patent Office's revised guidelines on computer-related inventions following hot on the heels of guidelines issued only a few months previously, **Pankaj Soni** and **Vighnesh Kamat** investigate the changes



In February, the Indian Patent Office released a revised set of guidelines for the examination of computer-related inventions (CRIs) to replace previous guidelines that were issued just a few months previously, in August 2015. Obvious questions arise – what led to such a quick revision and how are the new guidelines different from the earlier iteration?

Section 3(k) of the Indian Patents Act is to CRIs what Section 3(d) has been to pharmaceutical inventions – challenging. While Section 3(k) lists, *inter alia*, that computer programs *per se* are excluded from patentability, since 2005 CRIs have been considered patentable as long as one could establish – in simple terms – a technical effect arrived at due to interaction between the software and hardware components. But without more specificity on the required parameters, applicants have often found themselves walking into a minefield, never knowing what might blow up in their face.

That patent office's decisions were analysed and debated vociferously on public forums, with varying interpretations of the law being offered, only accentuating the statutory ambiguity surrounding CRIs. Fast forward to 2015, and in the footsteps of the government's Draft National IPR Policy and Make in India campaigns, the patent office released draft CRI guidelines, solicited comments, held discussions with stakeholders and then issued updated guidelines in August 2015 to bring more clarity to examination of CRIs.

Many felt the August guidelines were progressive; others were of the opinion that India was being unusually liberal in granting patents on CRIs. As facts transpired, by an order dated 14 December 2015, the

August guidelines were held in abeyance. No explanation was issued but reports from the press suggest that the change in position was based on apprehensions expressed by civil society organisations and members of academia. Another round of discussions with stakeholders followed. However, in a setback to its efforts towards transparency and inclusiveness, despite the fact that some concerns remained unresolved, the patent office issued the new guidelines. These became operative with immediate effect.

Let's now take a look at some of the significant changes the new CRI guidelines bring in and their potential implications.

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Inventive step

There is no ambiguity that examination of patent applications relating to CRIs often focuses on the novelty and inventive step of the claimed invention. The grey areas lie in

the evaluation of inventive step and/or the technical advancement that is achieved by the invention in question. The new guidelines attempt to clarify the evaluation criteria, noting that there is sufficient domestic precedence on the criteria for inventive step and that foreign judgments need not be relied upon.

The new guidelines cite the views of two seminal decisions – *Biswanath Prasad Radhey Shyam v Hindustan Metal Industries*,¹ and *F Hoffmann-La Roche v Cipla*² – in the still somewhat sparse expanse of Indian patent jurisprudence to set forth a sequence of steps, which one must note are similar to the ones taken in the *Draft guidelines for examination of patent applications in the field of pharmaceuticals*. Accordingly, an examiner must determine inventive step by identifying the person skilled in the art, the relevant common general knowledge of that person on the priority date, the inventive concept of the claim in question and the differences, if any, existing between the prior art and the inventive concept.

Having done so, the examiner must then determine if the differences constitute steps that would be obvious to the person skilled in the art or if they require a degree of inventive ingenuity – the latter indicating patentability of the invention. Immensely interesting is the fact that the above approach towards determining inventive step is the one advocated in the *Windsurfing International Inc v Tabur Marine*³ and *Pozzoli Spa v BDMO Sa*⁴ cases from the UK.

The logical result that ought to flow from the aforesaid is that examination reports will now include some discussion on the examiner's determinations. However, many practitioners remain sceptical about how much old habits

(of a substantively bare bones examination report) will change in the near term.

The whole and nothing but the whole

The patent office had come under criticism for using Section 3(k) to object to any claims that recite a computer, processor or memory. The new guidelines attempt to rein that in by noting that claims are to be construed by ascertaining the *substance* of the claim without relying on the *form* in which it is claimed.

Importance is to be given to judging the claim as a whole rather than red flagging a system, device or apparatus claim merely because it comprises memory or a computer readable medium that stores instructions or a processor to execute these instructions. Even claims directed to business such as what the guidelines term a “gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services” shall be examined as a whole meaning that the presence of words such as business, order, sales, commerce or payment shall not be treated as a business method without first looking at the whole claim. This is indeed a step forward – in theory, at least.

Additionally, means-plus-function claims have now been clarified and the new guidelines require the ‘means’ mentioned in such claims to be clearly defined with the help of physical constructional features and their reference numerals to enhance the intelligibility of the claims. Where the only structure supported by the specification is a computer program, the claims shall be rejected as relating to a computer program *per se*.

Subject matter eligibility

Causing the biggest heartburn for many (and greatest satisfaction for some) are the new guidelines’ views on subject matter eligibility covered under Section 3 – specifically Section 3(k) for CRIs – of the Indian patent statute. The new guidelines now prescribe a three-stage test while examining a CRI application to determine patentability. The first step is to properly construe the claims and identify the actual contribution. The second is to deny the claim if the contribution lies only in mathematical method, business method or algorithm. In the third, if the contribution lies in the field of computer program, the examiner must check whether it is claimed in conjunction with a *novel* hardware and proceed to other steps to determine patentability with respect to the invention. If the contribution lies in both the computer program and hardware, then the examiner should proceed to other steps of patentability.

The final step now requires the presence

of *novel* hardware, ie, contribution must lie in the software as well as the hardware, which raises the question that an inventor of novel hardware would ideally seek protection for hardware, which is not a subject matter of CRIs. Moreover, the current status of all CRIs is based on the novel and inventive interaction of the computer programs with conventional hardware – a point that was underscored in the August guidelines, but is now missing in the new guidelines.

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The new test suggests that a CRI application will be patentable if the claimed method is implemented by a novel device and, for a method implemented by a known device/hardware, the contribution must lie in terms of *both* the method and the known hardware. The question then arises as to how the contribution would be evaluated. Curiously, the patent office has now chosen to be silent by omitting the six indicators listed previously in the August guidelines to determine contribution or technical advancement. The absence of indicators makes the new guidelines ambiguous as to the nature of the contribution expected in terms of the hardware and, arguably, defeats its objective of introducing more clarity in examination procedures.

What not to do

Significantly, the August guidelines had also included examples of inventions considered patentable. The current version omits all positive examples listed in the preceding version and, instead, includes 12 new examples of claims that would not be allowed. To be fair, these examples are accompanied

by analyses illustrating why the patent office believes the claims are not allowable. However, without debating the merits or demerits of the previous or current examples, the fact that the patent office has chosen to focus on what not to do, leads some to argue that the office’s approach seems inclined towards not granting patents. This raises fears of negative repercussions on the grant rate and is a reason for some despondency.

The final conundrum

There is no one opinion on patenting software. Globally, even in a generous software patent regime such as the US, trends are moving towards making patenting of software more restrictive. In the Indian context, many favour free software – they view negative nuances in the new guidelines favourably and consider that it will promote domestic start-ups in terms of reducing potential patent conflicts with larger, more entrenched players. Others point out that the patent system has been designed to spur innovation and has sufficient checks and balances and should not be a socialist tool of the government.

Many believe that in their current form, the new guidelines will create an environment that is much too stringent and draw parallels with the Indian generic/big pharma battle in the pharmaceutical patent space. Interestingly, while the government has recently rolled out several incentives to boost start-up businesses via the Start-Up India programme, by discouraging patents on CRIs the new guidelines would effectively hinder start-ups from successfully protecting their IP, thereby creating a hurdle in the government’s own initiative. But, apart from a wait-and-watch approach, there is not much more to do at the moment and further developments will be keenly tracked by one and all.

Footnotes

1. AIR 1982 SC 1444 (Supreme Court of India).
2. 2012 (52) PTC 1 (Delhi High Court).
3. (1985) RPC 59 (CA).
4. (2007) EWCA Civ 588 922, June 2007.

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