IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 09.02.2024

CORAM : JUSTICE N.SESHASAYEE

(T)CMA(PT)/175 of 2023
(O.A/SR.52/2021/PT/CHN)

M/s.MICROSOFT TECHNOLOGY LICENSING, LLC.
Formerly known as MICROSOFT CORPORATION (ASSIGNOR)
One Microsoft Way, Redmond, Washington 98052-6399
United States of America
Represented by :
Mr.Prashant Philips
B-6/10, Safdarjung Enclave
New Delhi. ..... Appellant

Vs

Assistant Controller of Patents and Designs
The Patent Office Boudhik Sampada Bhawan
G.S.T.Road, Guindy, Chennai - 600 032. ..... Respondent

Prayer : Transferred Civil Miscellaneous Appeal filed under Section 117A of the Patents Act. 1970 to set aside the order of the Controller of Patents & Designs dated 14.12.2020, received on 14.12.2020 refusing the grant of patent to Indian Patent Application 7743/CHENP/2009, under Section 15 of the Patents Act, 1970.

For Appellant : Ms.Vindhya S.Mani

For Respondent : Mr.S.Janarthanan
Senior Panel Counsel

JUDGMENT

The appellant herein, having been refused to have its Computer Related Invention [CRI] patented by the Patent Office under Sec.3(k) of the Patents Act, 1970, has approached this Court with this appeal. The appellant's invention is titled 'Delegating Instant Messaging Sessions'. In its application, the appellant has made as many as 20 claims. In the operative portion of the impugned order of the respondent, it is stated that "*these programs do not have further technical effect going beyond the "normal" interactions between the program and the general purpose hardware*".

2.1 Heard both sides. The learned counsel for the appellant submitted that as per Sec.3(k), any invention which has *'a mathematical or business method or a computer programme per se or algorithms*' are not the inventions capable of being patented. The learned counsel submitted that the Patent Office has initially brought its guidelines for examination of computer related inventions, wherein it required not only novelty in the software, but also in the hardware for a software to be patented. This was later revised by the

Patent Office in its Revised Guidelines for Examination of Computer Related Inventions, 2017, in which it had dropped the need for a novel hardware as a requirement to patent a software. In other words, as per the revised guidelines, a software itself can be patented on its own strength, if it has a technical effect or a technical contribution. In the instant case, the respondent indeed has referred to the revised guidelines of 2017, yet he has not chosen to apply the same when he made his decision, whereas, a software merits for grant of patent if there is technical effect dehors any hardware.

2.2 Placing reliance on the authorities of the England and Wales Court of Appeal (Civil Division) in ***HTC Europe Co Ltd. Vs Apple Inc.*** (A.Nos.A3/2012/2043 and 2044), as well as the authorities of the High Court of Delhi in ***Ferid Allani Vs Union of India and Ors.*** (W.P.(C) No.7/2014 and CM Appl.40736/2019) and ***Microsoft Technology LIcensing, LLC Vs The Assistant Controller of Patents and Designs*** [2023:DHC:3342], the learned counsel argued that inasmuch as the reasoning of the Patent Controller runs counter to the ratio above referred to authorities, it is imperative that the impugned order is set aside.

3. The submissions of the appellant's counsel are carefully weighed. This Court considers that it would be apposite to refer to the following opinion of the Delhi High Court on the subject, which will have a bearing on the outcome of this case.

(a) In ***Ferid Allani Vs Union of India and Ors.*** (W.P.(C) No.7/2014 and CM Appl.40736/2019) case, the High Court of Delhi has held as below:

> *"10. Moreover, Section 3(k) has a long legislative history and various judicial decisions have also interpreted this provision. The bar on patenting is in respect of 'computer programs per se....' and not all inventions based on computer programs. In today's digital world, when most inventions are based on computer programs, it would be retrograde to argue that all such inventions would be patentable. Innovation in the field of artificial intelligence, blockchain technologies and other digital products would be based on computer programs, however the same would not become non-patentable inventions - simply for that reason. It is rare to see a product which is not based on a computer program. Whether they are cars and other automobiles, microwave ovens, washing machines, refrigerators, they all have some sort of computer programs in-built in them. Thus, the effect that such programs produce including in digital and electronic products is crucial in determining the test of patentability.*

11. Patent applications in these fields would have to be examined to see if they result in a 'technical contribution'. The addition of the terms 'per se' in Section 3(k) was a conscious step and the report of the Joint Committee on the Patents (Second Amendment) Bill, 1999 specifically records the reason for the addition of this term in the final statute as under :

> *"In the new proposed clause (k) the words "per se" have been inserted. This change has been proposed because sometime the computer programme may include certain other things, ancillary thereto or developed thereon. The intention here is not to reject them for grant of patent if they are inventions. However, the computer programmes 'as such' are not intended to be granted patent. The amendment has been proposed to clarify the purpose."*

A perusal of the above extract from the report shows that Section 3(k) which was sought to be inserted by the Patents (Second Amendment) Bill, 1999 originally read as "a mathematical or business method or a computer program or algorithms". The word 'per se' were incorporated so as to ensure that genuine inventions which are developed based on computer programs are not refused patents.

11.The use of 'per se' read along with above extract from the report suggests that the legal position in India is similar to the EU which also has a similar provision, Article 52 of the European Paten Convention, which reads as under :

> *"(2) The following in particular shall not be regarded as*

inventions within the meaning of paragraph 1:

(a) discoveries, scientific theories and mathematical methods;

(b) aesthetic creations;

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

(d) presentation 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."

Across the world, patent offices have tested patent applications in this field of innovation, on the fulcrum of 'technical contribution'. If the invention demonstrates a 'technical effect' or a 'technical contribution' it is patentable even though it may be based on a computer program."

(b) In ***Microsoft Technology Licensing, LLC Vs The Assistant Controller of Patents and Designs*** [2023:DHC:3342] ,the Court has held :

"36.The concept of technical effect and contribution is crucial in determining the patent eligibility of CRIs, but there is currently a lack of clarity in this area. It is essential to identify and evaluate technical contributions in CRIs to determine their eligibility for patent protection. The rapidly evolving nature of technology means that what constitutes a technical effect or contribution may become outdated in future. Therefore, there is a pressing need to clarify these concepts in order to strike a

balance between protecting the rights of inventors and promoting the public interest and social welfare. Flexible and adaptive approach would ensure patent protection to genuine technological innovations while also preventing grant to overly broad patents that hinder innovation and competition. Thus, establishing clear and consistent criteria and guidelines for determining patentability of computer programs is essential to avoid ambiguity and arbitrariness in the patent system. This can be achieved by providing examples or illustrations of patentable and non-patentable computer programs. In 2017 CRI guidelines, all examples describing eligible and ineligible patents from the earlier guidelines have been removed. There are presently no signposts for the examiners to navigate the field of examination of CRIs.

37. While it is essential to assess each application individually, considering the unique facts and technical aspects of each claimed invention, providing examples of both patent-eligible and non-eligible inventions in the guidelines would be beneficial. This would offer valuable guidance and clarity to applicants and patent examiners regarding the patentability of specific types of inventions. This is also the standard international practice. Both the European Patent Office ["EPO"] as well as United States Patent and Trademark Office ["USPTO"] have provided examples of patent-eligible and non-eligible inventions in its guidelines for examination of inventions. The Indian Patent Office must also undertake the exercise of providing indicators to the examiners by citing

exhaustive list of worked examples, relating to patent eligibility. These practice hints will help examiners to be consistent with the eligible cases and distinguish the ineligible cases. Counsels have implored this Court to venture into this arena, however, the Court has chosen to stay away and rather, considers it appropriate to direct the Patent Office to undertake this exercise. They have specialised technical knowledge and expertise in various fields, including CRIs, and are better equipped to consider the nuances and complexities of emerging technologies. The Court must emphasize that creating signposts would serve as a reliable guidance for the examiners and would eventually lead to consistency in examination. Such signposts would help ensure consistency in the examination process across different examiners, leading to a more predictable and transparent patent system. This could reduce discrepancies and likelihood of appeals, as well as improve the overall quality of examination process of CRIs. Applicants would be provided clarity in case specific guidelines are laid down for assessment of technical effect and contributions, which would give applicants a better understanding of the Patent Office's expectations, thereby allowing them to draft patent applications that clearly demonstrate / delineate the technical merits of their inventions, if any. This, in turn, could improve the efficiency of the examination process and lead to a higher success rate of deserving applications and reduce subjectivity. As discussed above, field of CRIs is dynamic and new technologies may present unique challenges in determining their technical effect and contributions. Creating signposts and their

periodical updation, on the basis of judicial guidance (decided court cases), would help examiners effectively adapt to these changes and ensure that the patent system remains relevant and capable of accommodating novel and inventive technologies. Besides, it would also ensure alignment with practices adopted in several jurisdictions such as EPO, USPTO, etc., In fact, signposts laid down by the EPO provide a well-established and structured framework for assessing patentability of CRIs. Therefore, keeping in mind the Indian legal framework, the Patent Office/CGPDTM should also frame signposts. The CGPDTM is therefore, instructed to examine this issue and take appropriate action thereon, expeditiously."

The effect of these authorities read alongside the ratio in ***HTC Europe Co Ltd. Vs Apple Inc.*** (A.Nos.A3/2012/2043 and 2044), provides the parameters which shall define the approach of the Patent Controller while dealing with any computer related inventions. All it requires to do is to evaluate if there is any technical effect involved in the CRI, or is there any technical contribution, dehors any hardware.

4. In the instant case, the Patent Office has missed the signposts, and has travelled backward in time to rely on what 2016 guidelines provide notwithstanding its reference to the subsequent guidelines framed in 2017.

5.In conclusion, this Court is constrained to set aside the order of the Patent Controller dated 14.12.2020 in Application 7743/CHENP/2009, and remands the matter for *denovo* consideration. To save embarrassment to the Controller who has passed the impugned order, this Court now requires any other Controller to consider the application of the appellant. This Court further directs that the Controller who may now take cognizance of the appellant's application to dispose of the same as expeditiously as possible.

6. The appeal is allowed accordingly. No costs.

09.02.2024

Index : Yes / No
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To:

The Assistant Controller of Patents and Designs
The Patent Office Boudhik Sampada Bhawan
G.S.T.Road, Guindy, Chennai - 600 032.

N.SESHASAYEE.J.,

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