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EHRLICH & FENSTER CHANGING THE RULES OF THE (COMPUTER-BASED INVENTIONS) GAME

Roy Melzer, Head of Software and Information Systems Department, Ehrlich & Fenster

The question of the patentability of computer-based inventions has preoccupied many companies and inventors since the early 90s, during which time Israel has cemented its position as a world hub of software, internet and telecommunications startup companies. These are areas which have real and significant value for patents. For Israeli companies specializing in technological fields characterized by a volatile job market, information leakage, as well as a desire to gain an advantage in institutional and governmental tenders, the value of patents is even more significant.

In Israel, Section 3 of the Patents Law explicitly stipulates that an invention in any technological field, (which is new and useful, can be used in industry, and has inventive steps) is a "patentable" invention. However, the Patent Office has viewed computer-based inventions as patents which are "not patentable".

The common perception at the Patent Office was that "standalone" computer programs which are not part of a hardware system are not patentable[1] based on the assumption that the "natural" protection of software falls under copyright laws and not under patent laws.

The Patent Office, it would appear, has not given much weight to the distinction between a technological solution and an idea, or the fact that software is undoubtedly a technological product and the development of software is a technological profession.

The policy of the Patent Office was that only software that constitutes an essential component in a physical system is patentable, and only then as part of the system. Thus, for example it was stipulated that since software is not patentable but hardware is, a product combining hardware and software together may be patentable, provided that the essence of the invention resides in the hardware (as opposed to situations where the essence of the invention resides in the software, disallowing an invention's "patentability"). Many patent examiners perceived any process implemented using computer software as a process that is nothing more than a manifestation of a pure thought process or business method, and consequently many processes were completely disregarded as inventions in a technological field.

The Patent Registrar's decision regarding "Digital Layers"[2] is a game-changing decision. This is an unprecedented decision stipulating that a software invention is patentable subject matter.

Digital Layers, represented by Ehrlich & Fenster, was directed to an invention that patented in many countries, including the United States, Australia, New Zealand, China and Russia. The invention

1 See for example the decision of the honourable Patent Registrar Dr Meir Noam regarding Eli Tamir - patent application number: 131733 (published on Nevo, 21.9.2006), paragraph 42.

2 The decision regarding patent application number: 190125 - represented by Roy S. Melzer, Adv., Patent Attorney from Ehrlich & Fenster (published on Nevo, 17.2.2014, hereinafter: "the Digital Layers issue").

G. E. Ehrlich (1995) Ltd., The Rogovin-Tidhar Tower, 15th Floor, 11 Menachem Begin Road, 5268104 Ramat Gan, Israel
Tel.: +972-73-7919199 | Fax.: +972-73-7919100 | info@ipatent.co.il | www.ipatent.co.il

describes a system allowing the user to select audio layers from multiple layer items stored in a remote database over a communication network and to mix them locally. For example, to select a specific audio layer, such as a guitar, from a famous song and mix it with another song. On the server-side the system includes an accessible database connected to a communication network that stores multiple audio layer files which allows access to individual layers of audio items from the multiple audio layer items. On the user-side the system includes an application (app) which is designed to receive the user's selection of at least some of the multiple audio layer items via a link to the aforementioned database. Furthermore, the user app includes a mixing module which can be used to digitally synchronize and mix some of the layers of the audio items to create a remix representing a mixed digital audio signal.

The Israeli Patent Registrar's decision to grant the patent in Israel was a results of the appeal from the patent examiner's decision to reject the patent application. The patent examiner claimed that since computer applications for mixing and synchronizing audio tracks were common knowledge, the invention in question is entirely limited to the content, i.e. the data content of audio tracks in separate files under a single unified audio file. The examiner also claimed that the invention is nothing more than an abstract implementation of a pure thought process and/or business method, since all of the components described in the invention are standard, the standard technological activity of these components does not change and there are no new interactions between the components that did not exist beforehand.

As stated, the Patent Registrar reversed the examiner's decision and confirmed acceptance of the patent based on the following considerations:

1. Is there a technological contribution?

In light of the state of the art in the field and based on the description in the patent application, the technical contribution of the invention in its entirety (not of an action or one component or another) should be examined. The Patent Registrar specifies a number of 'tests' that can help answer this question, including: Does a technological contribution include the streamlining of a technical procedure? Does the invention include interactions between technological components? Does the invention include dividing the defining activities of each component? Examples for software-based inventions that include a technological contribution are inventions that make computers operate as though new, inventions that improve computer performance (including: improving speed, performance, reliability, improved utilization of data storage capacity, and so forth), and inventions whose essence is new communication protocols between existing components of an existing computer system. In this case, the Patent Registrar indicated that the invention's main contribution is in providing the ability to access and edit individual communication layers, via a computer network, in a more efficient manner than the solutions described in the literature. In particular, the Patent Registrar referred to explanations in the description which referred to the fact that the storage of multi-layer items requires a large storage capacity and thus the invention described involves an improved technique for storing items that reduces the storage space required, in addition to reducing the bandwidth required for transferring audio files over the communications network. Therefore the Patent Registrar concluded that there is a technological contribution with regard to reducing the storage space and minimizing the bandwidth required for transferring individual audio files. The Patent Registrar added that the claims define

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interactions between technological components and include the division of the defining actions of each component.

2. Is this the automation of a known process?

An invention which is essentially the automation of a known process only is not "patentable". In this case, based on the technological description in the body of the patent application, the Patent Registrar ruled that the invention describes a contribution beyond the simple automation of a manual process in light of the rising need for a technological engine with the capability to edit items from multiple audio layers.

3. Is the invention intended for a technological professional?

This is a consideration which is insufficient in and of itself to determine whether this is an invention belonging to a technological field or not, but it is a positive indicator for it.

In this case the Patent Registrar accepted the applicant's position that this is not an invention designed for a sound technician, but rather for anybody versed in the art of computer networks, servers and with mixing audio media. The Patent Registrar ruled that the fact that the invention is designed for a technologically-minded person is a positive indicator that the invention belongs to a technological field.

4. Use of the software has no weight in terms of the invention's patentability

an invention shall not be deemed unpatentable simply because a computer program is used to operate it. The Patent Registrar based his position on two European[3] decisions, where similar principles were established. In this case, the invention being software-based was not grounds for disqualifying its patentability. The decision of the Patent Registrar in this matter, therefore, is an important milestone in the struggle for protecting technological developments in the field of software. The Patent Registrar has deviated from the common assumption among Israeli patent examiners who state that the focus should be on the features of hardware components, thus setting out a new method for examining software inventions. The shift in focus from the software components and the new examination method have led to the identification of a concrete technological character even in inventions lacking new physical features.

This important decision paves the way for startup companies and development centres in the software field to protect the fruit of their technological research in Israel under the umbrella of patent laws.

3 Enlarged Board of Appeal opinion G 003/08 dated May 12, 2010, HTC Europe Co Ltd v. Apple Inc [2013] EWCA Civ 451; AT & T Knowledge Ventures v. Comptroller General [2009] EWHC 343 (Pat) [2009] FSR 19

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