IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: **25.03.2025**

CORAM

THE HONOURABLE **MR.JUSTICE SENTHILKUMAR RAMAMOORTHY**

(T)CMA(PT)/106/2023
(OA/9/2018/PT/CHN)

Tekelec, Inc., a US Company
5200 Paramount Parkway,
Morrisville, NC 27560, USA. ... Appellant

-vs-

The Controller of Patents,
Patent Office, Intellectual Property Office Building,
GST Road, Guindy,
Chennai 600 032. ... Respondent

PRAYER: Transfer Civil Miscellaneous Appeal (Patents) is filed under Section 117-A of the Patents Act, 1970, pleased to set aside the order dated 24 August 2017 refusing patent application No.7133/CHENP/2009 under Section 15 of the Patents Act, 1970 and remand the case to the respondent for further proceedings in accordance with the specific directions.

For Appellant : Mr.Narendra Reddy Thappeta
for M/s.Law Firm of Naren Thappeta

For Respondent : Mr.J.Madanagopal Rao, SPC

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JUDGMENT

This appeal is directed against order dated 24.08.2017 rejecting Patent Application No.7133/CHENP/2009 for grant of patent to an invention titled "Methods for Acquiring Billing and Usage Data in an IMS Environment". Upon request by the patent applicant, First Examination Report (FER) dated 18.03.2015 was issued. In such report, objections were raised *inter alia* on the grounds of lack of novelty and inventive step by citing prior art documents D1 and D2, and on the ground that the claimed invention is excluded from patent protection under Section 3(k) of the Patents Act, 1970 (the Patents Act). The appellant replied to the FER on 25.11.2015 and also submitted amended claims. Upon considering the appellant's reply, by hearing notice dated 02.06.2017, the objections on the grounds of lack of novelty and inventive step were dropped but the objection on the ground of Section 3(k) was retained. The impugned order was issued in the above facts and circumstances.

2. Learned counsel for the appellant submits that the claimed invention identified the problem to be resolved as a method of verifying call signalling messages so as to prevent fraud and enable accurate identification without being dependent on the billing system for such purpose. By referring to paragraph 8 of the written submissions and figure 3, which is set out therein, learned counsel submits that the claimed invention clearly represents a technical advancement over prior art and provides a solution to the problem identified in the complete specification.

3. By referring to the impugned order, learned counsel submits that the Controller completely misconstrued the scope of Section 3(k) by holding that the monopoly claim is directed at a method of conducting business. In support of this contention, learned counsel referred to and relied upon an earlier order of this Court in *Priya Randolph v. The Deputy Controller of Patents, (Priya Randolph') 2023:MHC:5450.* He also relies upon the

judgment of the Delhi High Court in *Microsoft Technology Licensing, LLC v. The Assistant Controller of Patents and Designs, 2023:DHC:3342,* for the proposition that a claimed invention implemented on a general purpose computer may nonetheless qualify as an invention provided there is a technical effect that improves the technical system on a functional basis.

4. Mr.J.Madanagopal Rao, learned SPC, responded to these contentions by relying on the counter affidavit. In particular, he submitted that the claims of the appellant, in substance, relate to business methods, and that the Section 3(k) objection cannot be overcome merely by reference to technological terms and expressions. He further submits that the concept of the claimed invention fall entirely within the realm of business transaction concepts.

5. Independent claim 1, as rejected, is as under:

> *"1. A method for acquiring billing and usage data in an Internet protocol (IP) multimedia subsystem (IMS) environment, the method being performed at a network entity (NE) (200), the method comprising;*
>
> *copying (100), upstream from a billing system (BS), a call signaling message and an IMS accounting message*

relating to an IMS transaction; and

providing (102) the copied messages to an application (210) for one of billing verification, fraud detection, revenue assurance, and data analysis."

6. Upon considering the current claims of the appellant, including the above extracted independent claim 1, in relevant part, it was recorded as under:

> *"The term "Business Methods" involves whole gamut of activities in a commercial or industrial enterprise relating to transaction of goods or services. With the development of technology, business activities have grown tremendously through e-commerce and related B2B and B2C business transactions. The claims are at times drafted not directly as business methods but apparently with some technical features such as internet, networks, satellites, tele-communications etc. This exclusion applies to all business methods and, therefore, if in substance the claims relate to business methods, even with the help of technology, they are not considered to be a patentable subject matter.*************
>
> *The claimed subject business concept (subject matter) is implemented by software / algorithms which is further evident from the flow diagrams depicted vide illustrations 1-5 which teach various "**algorithms**" involving collecting, transmitting and processing date.*
>
> ***Moreover it is hereby stated that, this instant application with its business concept claimed vide claims 1-17 is not merely objected based on its usage of words like "billing verification / accounting message / revenue assurance", but rather objected because the whole concept and the inventive step itself lies in the business / transactional concepts.***

This bears/has direct reference / relevance to CRI guide lines para 4.5.2 which states that "but if the subject matter is essentially about carrying out business / trade / financial transaction and/or a method of selling goods through web (e.g. providing web service functionality), should be treated as business method."

CRI guide lines para 4.5 further states that "the focus should be on the underlying substance of the invention, not the particular form in which it is claimed"

Here the focus is NOT made on the "form of claims", but rather on the business concept / nature of the subject matter of claims 1-17 which are hence considered to be Non-Patentable subject matter."

7. The above extracts from the impugned order disclose that the appellant's patent application was eventually rejected largely on the ground that it is a business method as per Section 3(k) of the Patents Act. A reference to algorithms is also made therein. Section 3(k) is as under:

> *"(k) a mathematical or business method or a computer programme per se or algorithms."*

8. In *Priya Randolph*, I considered an appeal against an order rejecting the application for grant of patent for an invention titled "For selectively concealing physical address information". After taking note of the CRI guidelines in that regard, I held as follows in paragraph 8 thereof:

"8. The CRI Guidelines, which provide guidance but should not be construed as providing an authoritative interpretation of Section 3(k), indicate that a claim would be construed as a business method if the claim is, in substance, for a business method. On examining the appellant's claims, especially independent claim 1, it appears that the claims are directed at concealing the physical address of the purchaser of goods in e-commerce transactions by deploying software, hardware and firmware for such purpose. ***While it is possible that the conduct of e-commerce in this manner may be part of the business method of an enterprise if the claimed invention were to be put to use, the monopoly claim is not in respect of a business method but in respect of a claimed invention deploying hardware, software and firmware for purposes of data privacy and protection. Therefore, the conclusion that the claimed invention relates to a business method is untenable.*** *(Emphasis Added)"*

9. In *Microsoft Technology Licensing, LLC v. The Assistant Controller of Patents (2024:MHC:2537)*, I re-visited the exclusion under Section 3(k). After recording that the exclusions under Section 3 are classifiable into different categories, including the category wherein the exclusion applies on account of the subject matter of the claimed invention being protected under the Copyright Act, 1957, I recorded that the exclusion under Section 3(k) of business methods and computer programmes *per se* is directed at excluding from patent protection matters which form the subject of copyright protection.

10. In the impugned order, the Controller has noticed that the substance of the claim should be looked at and not the form. On perusal of independent claim 1, it appears to be a claim directed at the deployment of software, including applications, for the purpose of enabling verification of calls without routing such calls through the billing system. In other words, the monopoly claim is not directed at a method of conducting business. Instead, it is directed at a method of using software for the above purposes so as to improve the system's functionality. Therefore, the rejection of the patent application on the ground that it is a business method is untenable.

11. While there is a fleeting reference to algorithms in the impugned order, there is no discussion thereon. As recorded earlier, other objections relating to lack of novelty and inventive step were dropped by the Controller after examining the appellant's response.

12. In these facts and circumstances, impugned order dated

24.08.2017 is set aside and the matter in remanded for re-consideration on the following terms:

(i) In order to preclude the possibility of pre determination, an officer other than the officer who issued the impugned order shall undertake re-consideration.

(ii) Such re-consideration shall be limited to examining whether the claimed invention is excluded from patent protection on account of being a computer programme *per se* or algorithms.

(iii) After providing a reasonable opportunity to the appellant, a reasoned decision shall be issued within a period of ***four months*** from the date of receipt of a copy of this order.

(iv) For the avoidance of doubt, it is made clear that no opinion is being expressed herein with regard to the subject matter of the remand.

13. (T)CMA(PT)/106/2023 is disposed of on the above terms without

any order as to costs.

25.03.2025

rna
Index : Yes / No
Internet : Yes / No
Neutral Citation: Yes / No

To

The Controller of Patents,
Patent Office, Intellectual Property Office Building,
GST Road, Guindy,
Chennai 600 032.

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