

# IS IT GAME OVER FOR COMPUTER-IMPLEMENTED INVENTIONS IN AUSTRALIA?

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Legal Briefings - By **Sue Gilchrist, Aaron Hayward, Brae Aslanidis and Nick Bradman**

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The Full Court of the Federal Court of Australia has provided *some* clarity on assessing whether computer-implemented inventions constitute patentable subject matter, finding that Aristocrat's patent claims to electronic gaming machines with particular gaming features were not a "manner of manufacture". However, applying the Court's reasoning to future cases will require careful analysis.

## KEY TAKEAWAYS

- The Full Court of the Federal Court allowed the Commissioner of Patents' appeal from the decision of Burley J in *Aristocrat*, overturning the earlier finding that electronic gaming machines with particular gaming features constituted a "manner of manufacture" and were therefore patentable.<sup>1</sup>
- The majority decision reasoned that a "computer-implemented invention" will be patentable if it constitutes an "advance in computer technology". That analysis will likely overlap with analyses of novelty and inventive step. However, merely "*giving life to an abstract idea by implementing it in a computer*" is unlikely to be patentable.
- The battle between the Commissioner and Aristocrat is not over. The matter has been remitted to the trial judge to consider outstanding issues, including whether dependent claims in the patents in suit meet the requirements set out by the Full Court.

## BACKGROUND

### ARISTOCRAT'S PATENTS

Aristocrat owned four innovation patents in a family of patents relating to its *Lightning Links* slot machine. One of these, patent 2016101967 – which was used as an exemplar in the court proceedings – described a bonus feature game used in two games within the *Lightning Link* series. Claim 1 of the 967 patent was expressed to be to a gaming machine, and had integers relating to both physical parts and software. Of these:

- integer 1.10 provided that a game controller monitored play of the “base game” to trigger a “feature game” (in turn comprising free games) in response to a “trigger event” occurring in play of the base game;
- integer 1.11 characterised the “feature game”, which included a second set of reels comprising configurable and non-configurable symbols; and
- integer 1.12 provided that an award of credits was made after the free game.

## **EARLIER DECISIONS**

In 2018, the Delegate of the Commissioner of Patents revoked each of the innovation patents on the basis that the inventions claimed in them did not constitute a “manner of manufacture”.<sup>2</sup> Applying the decision of the High Court in *Myriad*,<sup>3</sup> the Delegate identified the “*substance of the invention*” in each claim by considering its potential contribution to the art. The Delegate reasoned that the physical components of the claimed gaming machine were generic, and so the potential contribution to the art was the gaming machines with specific games. However, the Delegate ruled that “[g]ames and game rules are considered a scheme and are not a manner of manufacture.”

Aristocrat appealed from this decision to the Federal Court, where it was heard by Burley J, and the submissions focused on the 967 patent as an exemplar. In June 2020, His Honour found in favour of Aristocrat.<sup>4</sup> His Honour concluded that the invention disclosed by claim 1 was patentable by reference to two general questions (as later summarised in the appeal judgment):<sup>5</sup>

- Was the claim for a “*mere business scheme*” implemented in a computer?
- If so, did the invention lie in the manner in which it had been implemented in the computer?

Burley J answered the first question in the negative, and therefore reasoned no response to the second was necessary. His Honour noted that, were the gaming machine of claim 1 implemented in the “*old-fashioned*” mechanical way, rather than by software, it would have ‘no doubt’ constituted a manner of manufacture. As such, his Honour considered that the claimed invention was properly characterised as a device of a particular construction with hardware and software elements, and not as a mere business scheme.

IP Australia appealed the decision to the Full Court of the Federal Court.

## THE APPEAL DECISION

The Full Court, comprising Middleton, Perram and Nicholas JJ, allowed the appeal. Middleton and Perram JJ held that claim 1 of the 967 Patent did not constitute a manner of manufacture. Nicholas J agreed that Burley J’s conclusion that it did constitute a manner of manufacture was erroneous, but considered that a further issue needed to be addressed by the parties, and Burley J, before the question could be finally determined.

### THE MAJORITY’S DECISION

Middleton and Perram JJ held that Burley J’s 2-step approach was consistent with that adopted in previous decisions of the Court in *RPL Central*,<sup>6</sup> *Rokt*<sup>7</sup> and *Encompass*.<sup>8</sup> But while this approach is ‘workable’ where it is clear that the claim is a computer-implemented method, or otherwise is truly for a mere scheme, their Honours held that, outside these situations, asking only “is the invention not a scheme” “*may reduce the richness of the analysis called for.*”

Instead, their Honours proposed two alternative questions:

- Is the invention a computer-implemented invention?
- If so, can it be described as an advance in computer technology?

Here, the majority first concluded that an electronic gaming machine (“EGM”) is a computer. While Aristocrat submitted that the invention was a “*specific, highly regulated machine*” (and not a computer) the Full Court rejected this argument. That an EGM is a specific highly regulated machine does not mean it is not a computer; in fact “*it is hard to see that it is anything else*”. Their Honours also noted that although numerous earlier decisions, including *RPL Central*, *Rokt* and *Encompass*, had referred to “generic” computer hardware, they did not consider that anything turned on whether the hardware was “generic”.

However, their Honours recognised that *“there is a distinction to be drawn between a claim for an invention which is a computer and a claim for an invention which is implemented on a computer”*, although *“[b]oth may take the form of what appears to be a claim for a computer.”* The relevant question in this case was: *“are the 12 integers of Claim 1 to be characterised as a computer which is the EGM or are they to be characterised as a feature game implemented on the computer which is the EGM?”*

The majority agreed with Aristocrat, and Burley J, that *“care needs to be exercised in considering the substance of an invention not to discount or disregard those integers of the claim which are part of the common general knowledge”*. It also considered that the High Court’s decision in *Myriad*, which appeared to *“open up the possibility of characterising an invention other than by reference to its claims”*, was directed narrowly at situations where a patent is sought in an area that is not within the existing boundaries of the concept of a manner of manufacture. This approach was therefore inappropriate in cases such as the present.

However, their Honours also noted that *“[t]he only aspect of Claim 1 which is said to be inventive is the feature game”* provided in integers 1.10-1.12, and the relationship between those integers and the other integers of the claim was *“a relationship of implementation”*. As such, claim 1 was to a computer-implemented invention.

Finally, the majority held that claim 1 did not represent an advance in computer technology. This was because the claim left it entirely up to the person designing the EGM to *“do the programming”* that would implement the feature game. Claim 1 therefore *“pertain[ed] only to the use of a computer”* and was not an *“advance in computer technology”*.

Consequently, the majority considered that claim 1 of the 967 Patent did not constitute a manner of manufacture.

## **COMPUTER-IMPLEMENTED VS PHYSICALLY-IMPLEMENTED IDEAS**

The majority also addressed Burley J’s observation that, had claim 1 related to a physical gaming machine implementing the feature game, it would constitute a manner of manufacture. Their Honours observed that a patent for a physical gaming machine *“protects the invention which is the poker machine and not the abstract idea consisting of the game which it plays”*. In this way, the inventor is *“rewarded for giving life to the abstract idea in the form of the invention but the monopoly was over the invention and not over the idea.”* By contrast, in relation to computer-implemented inventions:

*a computer’s only purpose is to give effect to the abstract ideas embodied in the code which it executes. Giving life, therefore, to an abstract idea by implementing it in a computer has not been accepted by this Court as something warranting, without more, the grant of a monopoly. To approach the matter otherwise would not encourage the development of computer technology but would rather monopolise the abstract ideas thus embodied.*

For this reason, the majority observed that a physical clock constitutes a manner of manufacture but a clock implemented on a computer does not.

Their Honours reached this conclusion after finding that claim 1 was *“not a claim for a particular computer program but instead for an abstract idea which is to be implemented on the computer ... by means of a computer program to be supplied by the person making the EGM”*. The same reasoning also underpinned their Honours’ conclusion that the claimed invention was not an advance in computer technology. The Court’s decision leaves open the possibility that a claim to a computer-implemented invention that includes a particular computer program might constitute a manner of manufacture.

## **NICHOLAS J’S DECISION**

Nicholas J agreed with the majority’s view that Burley J’s two-step approach did not adequately address whether claim 1 of the 967 Patent was in substance a computer-implemented scheme, and also agreed that the EGM of claim 1 was, or incorporated, a computer.

However, his Honour considered that *“it is not appropriate to adopt an excessively rigid or formulaic approach to the question of whether a computer implemented scheme is a manner of manufacture.”* In particular, although *“mere business schemes have never been regarded as being sufficiently tangible ... to constitute patentable subject matter”*, his Honour considered that *“once a scheme is given practical effect and transformed into a new product or process which solves a technical problem, or makes some other technical contribution in the field of the invention, it may no longer be considered a mere scheme.”*

In this case, his Honour found that the specification of the 967 Patent did not *“identify any specific problem to which the invention is directed or ... is said to provide a solution”*. However, his Honour also considered that the extent to which the use of configurable symbols (as required by claim 1 of the 967 Patent) was capable of amounting to a technological innovation was not addressed in the parties’ submissions or by Burley J. Therefore, his Honour considered that the matter should be remitted to Burley J to consider that issue.

## **CONSEQUENCES FOR COMPUTER-IMPLEMENTED INVENTIONS**

The proceedings between Aristocrat and the Commissioner are not yet resolved, as the matter is to be remitted back to Burley J to resolve the outstanding questions – including whether claims other than claim 1 of the 967 Patent constitute a manner of manufacture. Aristocrat may also seek special leave to appeal this decision to the High Court.

In the meantime, the Court’s decision reinforces that, while computer-implemented inventions can constitute patentable subject matter, a case-by-case assessment is required. Based on the Court’s approach, this may depend on whether the invention, as claimed, constitutes *“an advance in computer technology”* or has *“transformed [the embodied abstract idea] into a new product or process which solves a technical problem, or makes some other technical contribution”*. No doubt inventors will continue to seek to draft patents which fall on the patentable side of this line, given the ever increasing usefulness and value of computer- implemented inventions.

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1. *Commissioner of Patents v Aristocrat Technologies Australia Pty Ltd* [2021] FCAFC 202.
  2. *Aristocrat Technologies Australia Pty Limited* [2018] APO 45.
  3. *D'Arcy v Myriad Genetics Inc* [2015] HCA 35; 258 CLR 354.
  4. *Aristocrat Technologies Australia Pty Limited v Commissioner of Patents* [2020] FCA 778.
  5. These questions have arisen/been asked in previous decisions, see: *Grant v Commissioner of Patents* [2006] FCAFC 120; 154 FCR 62 at [14]; *Research Affiliates LLC v Commissioner of Patents* [2014] FCAFC 150; 227 FCR 378; *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177; 238 FCR 27; *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* [2019] FCAFC 161; 372 ALR 646 at [88] and [94]; and *Watson v The Commissioner of Patents* [2020] FCAFC 56.
  6. *Commissioner of Patents v RPL Central Pty Ltd* [2015] FCAFC 177.
  7. *RPL Central, Commissioner of Patents v ROKT Pte Ltd* [2020] FCAFC 86.
  8. *Encompass Corporation Pty Ltd v InfoTrack Pty Ltd* [2019] FCAFC 16.



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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