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**Datasheet for the decision
of 16 December 2009**

Case Number: T 0164/06 - 3.5.01

Application Number: 96909769.0

Publication Number: 0815524

IPC: G06F 17/60

Language of the proceedings: EN

Title of invention:

Debit card system and method for implementing incentive award program

Applicant:

Maritz Inc.

Opponent:

-

Headword:

Incentive award program / MARITZ

Relevant legal provisions:

EPC Art. 52(1)(2)(3), 123(2)

Relevant legal provisions (EPC 1973):

EPC Art. 54(1)(2), 56, 84

Keyword:

"Business method as such - no"

"Inclusion of non-technical aim in the formulation of the problem - yes"

"Inventive step - no"

Decisions cited:

T 0072/95, T 0641/00, T 0258/03

Catchword:

-



Case Number: T 0164/06 - 3.5.01

D E C I S I O N
of the Technical Board of Appeal 3.5.01
of 16 December 2009

Appellant: Maritz Inc.
1375 North Highway Drive
Fenton, MO 63099 (US)

Representative: Gill, David Alan
W.P. Thompson & Co.
55 Drury Lane
London WC2B 5SQ (GB)

Decision under appeal: Decision of the Examining Division of the
European Patent Office posted 16 August 2005
refusing European patent application
No. 96909769.0 pursuant to
Article 97(1) EPC 1973.

Composition of the Board:

Chairman: R. R. K. Zimmermann
Members: K. Bumès
A. Pignatelli

Summary of Facts and Submissions

I. This appeal is against the decision of the examining division to refuse European patent application No. 96909769.0, published as

A1: WO-A1-96/29668,

for lack of inventive step (Article 56 EPC 1973) over

D1: US-A-5 336 870

in the light of a skilled person's knowledge considering the business method to which the application relates. The examining division also referred to

D2: US-A-5 321 243

as an example of how to base a modified bank strategy on pre-existing parameters.

II. The appellant requests that the decision under appeal be set aside.

(a) As a main request, the appeal is based on the set of claims 1 to 15 refused by the examining division. Claim 1 reiterates claim 1 as filed and includes amendments as highlighted (underlined or struck-out, respectively) in the following text:

"1. A system for implementing an incentive award program for a customer having participants, said program permitting the participants to obtain as an award products and/or services from authorized merchants who are part of the incentive award program and who are part of a credit card network, which credit card network also includes unauthorized merchants who are not part of the incentive award program ~~and~~ but who are part of the credit card network, each merchant having access via an input/output (I/O) port to a credit card network processor of the credit card network, said system comprising:

a. a plurality of debit cards, each assigned to ~~one~~ respective participants and having a unique account number corresponding to an award account of the participant;

b. a filter processor arranged to ~~accessing~~ the following award program data:

(1) data identifying ~~the~~ authorized unique account numbers of the participants out of a plurality of network account numbers,

(2) data identifying the authorized merchants out of plurality of network merchants, and

(3) data indicating the balance in each participant's award account,

said filter processor interfacing with the credit card network processor;

c. means, responsive to a transaction initiated by a merchant using an initiating card having an initiating account number, for transmitting from the credit card network processor to the filter processor the following transaction data:

(1) the initiating account number of the card initiating the transaction,

(2) merchant identification data of the initiating merchant, and

(3) data regarding the amount of the initiated transaction;

d. said filter processor including means for evaluating the transaction data transmitted to the filter processor by the credit card network processor by comparing the transaction data to the program data;

e. said filter processor evaluating means including means for generating validating data for the transaction when the evaluated transaction data indicates that the transaction has been initiated by an authorized merchant using ~~the~~ an authorised unique account number of one of the participants having a sufficient balance in the participant's corresponding award account to cover the transaction;

f. said filter processor evaluating means including means for generating invalidating data for the transaction when the evaluated transaction data indicates that the initiating account number is not one of the authorized account numbers;

g. said filter [sic] processor evaluating means including means for generating invalidating data for the transaction when the evaluated transaction data indicates that the initiating merchant is not one of the authorized merchants;

h. said filter processor evaluating means including means for generating invalidating data for the transaction when the evaluated transaction data

indicates that the balance in the award account corresponding to the initiating account number is insufficient to cover the amount of the initiated transaction;

i. said filter processor including means for transmitting the validating or invalidating data to the credit card network processor so that the credit card network processor provides the validating or invalidating data for the evaluated transaction to the initiating merchant."

- (b) According to the appellant, the examining division did not fully appreciate the technical characteristics of the manner in which specific data is made available and used to determine whether a transaction can be allowed (item 2 of the statement of grounds). D1 is not as relevant as suggested by the decision under appeal (item 3), the document does not teach that merchant identification information is transmitted for the purpose of approving or denying a transaction (item 15). The prior art does not teach any type of filtering according to merchant identification information (items 6 and 9). At the priority date of the application (21 March 1995), transaction data did not normally include the identification number of the merchant (items 16 and 19). The incentive program and the conventional credit card network have inconsistent purposes and objects (items 11 and 12). Therefore, the prior art does not contemplate that there would be a card which would only be acceptable by a subset of merchants; using the D1 technology, a separate card network would be established for each incentive program (item 17).

In the system claimed, it is not merely the merchant access to the network that serves to determine whether or not a transaction will be validated/invalidated (items 25/26). The application suggests not only segregating merchants into authorised/unauthorised ones

but defines the technical arrangement for achieving such discrimination "in a particularly efficient and transparent manner" (items 28/29; transparency being discussed in items 18 and 30). The invention is distinguished from the cited prior art by reference to technical features and technical considerations; novel and inventive aspects are found "outside the near field of a business method" even though the particular embodiment of the invention is within a business-related field (items 31/32).

III. The Board summoned the appellant to attend oral proceedings scheduled for 16 December 2009. In an annex to the summons, the Board interpreted claim 1 broadly but concurred with the examining division's finding of novelty. On the other hand, the Board expressed doubts about the presence of any inventive technical contribution in claim 1.

IV. On an auxiliary basis the appellant filed, on 20 November 2009, an amended set of claims 1 to 13 including a single independent claim in each category, with claim 1 reading:

"1. A system for implementing an incentive award program for a customer having participants, said program permitting the participants to obtain as an award products and/or services from authorized merchants who are part of the incentive award program and who are part of a credit/debit card network, which credit/debit card network also includes unauthorized merchants who are not part of the incentive award program and who are part of the credit/debit card network, each merchant having access via an input/output (I/O) port to a credit/debit card network processor of the credit/debit card network, said system comprising:

a. a plurality of debit cards, each assigned to one participant and having a unique account number

corresponding to an award account of the participant;

b. a signal filter having access to the following program data:

- (1) data identifying the authorized unique account numbers of the participants,
- (2) data identifying the authorized merchants, and
- (3) data indicating the balance in each participant's award account,

said signal filter interfacing with the credit/debit card network processor;

c. means, responsive to a merchant signal having an initiating account number, merchant identification data and data regarding the amount of the initiated transaction and transmitted by a merchant using an initiating card, for transmitting from the credit/debit card network processor to the signal filter a transaction signal having the following transaction data:

- (1) the initiating account number of the card initiating the transaction,
- (2) merchant identification data of the initiating merchant, and
- (3) data regarding the amount of the initiated transaction;

d. said signal filter including means for evaluating the transaction data of the transaction signal transmitted to the signal filter by the credit/debit card network processor by comparing the transaction data to the program data;

e. the signal filter evaluating means including approving means for generating an approval signal having validating data for the transaction when the evaluated transaction data indicates that the transaction has been initiated by an authorized merchant using the unique account number of one of the participants having a sufficient balance in the participant's corresponding award account to cover the transaction so that the approval of the transaction is based on the merchant ID;

f. said signal filter evaluating means including denying means for generating a denial signal having invalidating data for the transaction when the evaluated transaction data indicates that the initiating account number is not one of the authorized account numbers;

g. said signal filter evaluating means including denying means for generating a denial signal having invalidating data for the transaction when the evaluated transaction data indicates that the initiating merchant is not one of the authorized merchants so that the denial of the transaction is

based on the merchant ID;

h. said signal filter evaluating means including denying means for generating a denial signal having invalidating data for the transaction when the evaluated transaction data indicates that the balance in the award account corresponding to the initiating account number is insufficient to cover the amount of the initiated transaction;

i. said signal filter including means for transmitting the approval or denial signal including the validating or invalidating data to the credit/debit card network processor so that the credit/debit card network processor provides a signal including the validating or invalidating data for the evaluated transaction to the initiating merchant."

V. Two days before the date fixed for oral proceedings, the appellant's representative advised the Board that he had been instructed not to attend the oral proceedings.

VI. The Board held oral proceedings in the appellant's absence and pronounced its decision at the end of the oral proceedings.

Reasons for the decision

1. *The application*

The application is entitled "Debit card system and method for implementing incentive award program".

1.1 *Problem to be solved as set out by the application*

It is well-known in the prior art to promote the sales of a company's products or services by allowing a participant to accumulate points over a period of time. When the participant decides to take advantage of the

awarded points, the participant is generally provided with a voucher or other document which entitles the participant to obtain products or services (see the paragraph bridging pages 1/2 of A1).

Hence, there is a need for an incentive award program system which minimizes the paperwork needed to administer the program and, in particular, minimizes or eliminates the paperwork needed to support a transaction by which a participant obtains rewards (A1, page 2, paragraph 2).

Other objects of the invention are listed in the paragraph bridging pages 2/3. For example, merchants should be enabled to process transactions using debit cards in a similar manner to the processing of credit card transactions (A1, page 3, lines 1 to 3).

1.2 *Solution presented by the application*

The application teaches to impose an administrative restriction on a financial card network: while associated merchants are authorised to use the network for conventional credit card transactions, only a subset of the merchants are authorised to use the network for transactions including a debit card to redeem points. Merchants not participating in an incentive award program are "filtered" out from using the network for such debit card transactions. The filtering function is performed by a filter processor which checks the identity of a merchant against a black list of unauthorised merchants, or a white list of authorised merchants, when the merchant tries to initiate a debit transaction over the network

(A1, page 9, line 27 to page 10, line 10).

1.3 *Effects achieved*

1.3.1 A merchant who is authorised to perform credit card transactions over the card network but who does not participate in an incentive award program cannot perform transactions with debit card holders trying to redeem points at that merchant's point of sale.

1.3.2 The filter processor achieves the above effect even where the merchant (or his employee) does not know whether or not the merchant takes part in the incentive award program associated with the card holder's debit card. Nor does the merchant have to know whether the card is a credit card or a debit card. Thus, the system is "transparent" (A1, page 2, line 30; page 11, lines 19 to 25; original claim 7), an aspect emphasised by the statement setting out the grounds of appeal (items 18, 29 and 30).

1.3.3 Theoretically, as the award system works electronically (based on cards and a networked filter processor), the paperwork needed to support a reward transaction can be minimised or eliminated: no paper voucher or coupon is absolutely necessary.

Main request

2. *Article 123(2) EPC - Amendment within content of the application as filed*

The Board has no doubt about the original basis of amended claim 1. The claim is based on claim 1 as filed,

minor amendments serve to clarify the wording without modifying the operation of the disclosed card system.

3. *Article 84 EPC 1973 - Claim clarity and support by the description*

- 3.1 Despite the verbosity of claim 1, it is clear that the claimed system uses a card network to implement an incentive award program and controls the use of award cards ("debit cards") based on merchant identification data to filter out non-participating merchants from award transactions without filtering them out from credit card transactions.

The merchant identification data forms a "significant aspect" of the disclosure (A1, page 9, lines 27 to 31). As claim 1 contains this and other essential features, it is supported by the description.

- 3.2 The application does not define a clear technical difference between a debit card and a credit card. On the one hand, it contends that "In general, debit cards are very different and distinguishable from credit cards" (A1, page 8, lines 11/12). On the other hand, it states that "In general, credit cards and debit cards may have the same physical appearance and structure" (A1, page 11, lines 15/16).

Therefore, the Board interprets the claim broadly and considers the words "credit" and "debit" just as names (like "first card" and "second card") without attaching any technical meaning to the names. Some cards allow award transactions and others do not, depending on how

they have been registered in a database and by whom they are handled.

3.3 The application uses the following terms in the following manner.

3.3.1 A "customer" is *not* a card holder or other person trying to buy goods/services or to obtain an award from a merchant. A customer is the "sponsor" of the incentive award program, i.e. he issues awards (A1, page 2, lines 22 to 26; page 3, lines 4 to 6; page 6, lines 4 to 7; page 8, lines 7 to 10; etc).

Thus, the sponsor (or sponsoring company) may be considered to be a customer of the network provider and/or of an incentive company or "administrator" which administers the incentive program (A1, page 1, lines 20 to 26; page 6, lines 4 to 7).

3.3.2 A customer/sponsor has "participants" of the incentive award program (A1, page 3, lines 4 to 6; page 6, lines 4 to 7). A participant can accumulate points and employ a debit card to obtain rewards by electronic debit transactions within the incentive award program (A1, page 1, lines 16 to 18; lines 26 to 28). Thus, a participant is a "card holder" (A1, page 8, line 31).

3.3.3 "Merchants" have access to a credit card network; some of them are "authorised" to issue, as an award, products and/or services to participants of the incentive award program (A1, page 3, lines 6 to 9) once the merchants have a contractual or business relationship with the administrator and have agreed to participate in the incentive award program and the

handling of debit transactions and commissions (A1, page 6, lines 20 to 24). While those merchants "participate" in the incentive award program, they are not "participants" within the meaning of the application (see item 3.3.2 *supra*).

3.3.4 A "bank" (or other financial institution) provides a filter processor (Figure 1: 116) which knows the participants' accounts and the authorised merchants of the incentive award program (A1, page 9, line 4 to page 10, line 17).

3.3.5 Although the administrator, bank, and customer are indicated as separate entities in Figure 1, the bank and administration may be the same entity, in which case processors 116, 122, and 124 may be a single processor computer. Alternatively, the customer may be both the administrator and/or the bank (A1, page 11, paragraph 1).

4. *Article 52(1)(2)(3) EPC - Eligibility for patent protection*

While an incentive award program constitutes a business method, the claimed system for implementing the program comprises technical means, in particular cards, a card network, and a filter processor. Hence, claim 1 does not relate to a business method as such (T 258/03- *Auction method/HITACHI*, Headnote I, OJ EPO 2004, 575).

5. *Article 54(1)(2) EPC 1973 - Novelty over D1*

5.1 The examining division considers D1 as representing the closest prior art (decision under appeal, point II.2.4).

D1 relates to a networked system including a host computer (Figure 3: 80) for allowing debit and credit card holders to conduct transactions with a remote point of sale from their home or office (column 2, lines 11 to 14; column 8, claim 1). The examining division equates a transaction monitor of D1 (Figure 3: 84) with the filter processor of the present application. A transaction receipt includes the merchant number and merchant name (D1, Figure 5A, item 170; Figure 6, "MERCHANT #", "MERCH. NAME"; column 6, line 38 to column 7, line 9).

The Board emphasises that D1 anticipates the use of the card network for two types of transactions (credit/debit).

5.2 According to the decision under appeal (point II.2.5), the only difference between claim 1 and D1 is the functionality of the filter processor: in order to validate a transaction, it also checks criteria imposed by the non-technical incentive award program, i.e. the filter processor initially checks whether a merchant takes part in the incentive program before the processor proceeds to the usual approval process checking the card holder and his account.

5.3 The Board concurs with the examining division's finding of novelty over D1.

6. *Article 54(1)(2) EPC 1973 - Novelty over D2*

6.1 D2 deals with apparatus for reading credit cards or debit cards (column 1, lines 15 to 27) and notes that most credit card issuers require that a merchant obtain

authorisation of the purchase from the credit card issuer if the purchase exceeds a certain value (column 1, lines 28 to 61). The approval process includes transmitting a "merchant account" (column 1, line 35) or "merchant information" (column 1, lines 52 to 57). As far as the approval process has been automated (column 1, lines 43 to 61), it necessitates the use of a filter processor to determine a card holder's creditworthiness.

The Board again emphasises that D2 anticipates the use of the card network for two types of transactions (credit/debit).

6.2 According to the examining division (decision under appeal, point II.2.8), the approval process of D2 bases its approval/disapproval decision on the merchant ID. This plausible finding presupposes that the transmitted merchant information in D2 is not only used to credit the merchant's account after a successful sales transaction but the information is also used in the beginning to disapprove a transaction where the transmitted merchant information is unknown to the system database or where the merchant identified by the information is blacklisted (because he failed to pay a commission, for example).

6.3 However, the approval process of D2 is not related to any incentive award program. The present system for implementing an incentive award program is novel over the teaching of D2 for the same reasons that apply to D1.

7. *Effects objectively achieved by the novel feature; technical problem derivable from those effects*
- 7.1 The Board accepts that the effects disclosed or suggested by the application (see point 1.3 *supra*) represent the effects objectively achieved by the novel feature.
- 7.2 From those effects, the examining division derives the "objective technical problem" that the filter processor known from the prior art (D1) should be adapted to perform the necessary verification for validating a transaction according to the requirements imposed by the non-technical incentive program, i.e. the verification should imply a check of whether or not the merchant takes part in the incentive program (decision under appeal, point II.2.6).
- 7.3 The appellant considers such reasoning to be based on a misunderstanding of the present invention and the relevance of the cited art (statement of grounds, items 25 and 28).
- 7.4 The appellant's unease may arise from the examining division's reasoning that the business concept disclosed by the appellant forms "part of the knowledge of the skilled person" (decision under appeal, point II.2.7).

However, where the claim refers to an aim to be achieved in a non-technical field, this aim may legitimately appear in the formulation of the problem as part of the framework of the technical problem that is to be solved (see decision T 641/00-*Two identities/*

COMVIK, OJ EPO 2003, 352, Headnote II). The inclusion of the non-technical aim in the formulation of the problem is justified because the non-technical aim cannot support the presence of an inventive step (see T 641/00, Headnote I).

The inclusion is logically justified because it consistently results in the same assessment of the invention (with respect to inventive step) as when the non-technical aim is excluded from the formulation of the problem. Once it has been established that the conceptual link between technical features is non-technical, any discussion about the details or (non-) obviousness of the concept is irrelevant. This statement is in line with longstanding jurisprudence of the Boards of Appeal which considers technically non-functional modifications as irrelevant to inventive step (see e.g. T 72/95, point 5.4).

7.5 Therefore, the Board agrees with the examining division's approach to include the non-technical aim in the formulation of the problem (see point 7.2 *supra*): the non-technical incentive program imposes an administrative requirement which is to be implemented by the technically skilled person. Only authorised merchants are to be allowed to accept debit cards for issuing awards to debit card holders.

8. *Article 56 EPC 1973 - Inventive step*

Article 56 EPC 1973 asks for an inventive technical contribution. Obvious features and non-technical aspects cannot meet that requirement.

- 8.1 The Board judges that claim 1 (main request) does not specify any non-obvious technical contribution over D1 to implement the aforementioned administrative requirement. It is a matter of routine for the programmer to modify the software of the transaction monitor (84) of D1 such as to include a database enquiry about whether a merchant has been registered to participate in the incentive award program. Using the result of a database enquiry to automatically allow or disallow a current card transaction is straightforward and is implied in the approval process of D2 which checks the merchant information (see point 6.2 *supra*). The claim does not define any unconventional solution to any (overall or partial) technical problem.
- 8.2 Nothing to the contrary is apparent from the original disclosure or has been elaborated convincingly by the appellant. The Board does not share the appellant's view that the skilled person using the D1 technology would establish a separate card network for each incentive program. It is evident that the skilled person seeks to avoid duplicating a costly network infrastructure and prefers to perform any additional administrative task on an existing network with a minimum of modification, such as a software modification in an existing transaction centre.
- 8.3 The Board concludes that the system according to claim 1 of the main request does not involve an inventive step.

Auxiliary request

9. *Article 123(2) EPC - Amendment within content of the application as filed*
- 9.1 Claim 1 has been amended to further clarify the terms, functions and inter-relationship of the system features without changing the overall operation of the system. The Board has no doubt about the original basis.
- 9.2 The claim set as a whole has been amended by dropping original claim 15 which was drafted as a second formally independent system claim (reiterating claim 1 and adding a feature "j"). The deletion of that claim does not extend the teaching of the application.
10. *Article 56 EPC 1973 - Inventive step*

As the amended claim 1 does not add any technical substance over claim 1 of the main request, the auxiliary request fails for the same reasons.
11. The Board thus concludes that neither version of claim 1 involves an inventive step.

Order

For these reasons it is decided that:

The appeal is dismissed.

The registrar:

The chairman:

T. Buschek

R. R. K. Zimmermann