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DECISION of 4 March 1998

T 0257/94 - 3.4.1 Case Number:

85102784.7 Application Number:

0154972 Publication Number:

G07D 7/00 IPC:

Language of the proceedings: EN

Title of invention:

Method and apparatus for verifying postage

Patentee:

Pitney Bowes Inc.

Opponent:

Neopost Ltd.

Francotyp-Postalia Aktiengesellschaft & Co.

Headword:

Method and apparatus for verifying postage/PITNEY BOWES INC.

Relevant legal provisions:

EPC Art. 56, 114(2), 123(2)

Keyword:

"Late-filed evidence of common general knowledge admissibility governed by its relevance"

"Inventive step (no); age of the prior art documents"

Decisions cited:

T 0326/87, T 0560/89, T 0611/90, T 1002/92, T 0085/93

Catchword:



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Beschwerdekammem

Boards of Appeal

Chambres de recours

Case Number: T 0257/94 - 3.4.1

D E C I S I O N of the Technical Board of Appeal 3.4.1 of 4 March 1998

Appellant:

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Decision under appeal:

Decision of the Opposition Division of the European Patent Office dated 20 January 1994 revoking European patent No. 0 154 972 pursuant

to Article 102(1) EPC.

Composition of the Board:

Chairman:

G. Davies

Members:

R. K. Shukla U. G. O. Himmler

Summary of Facts and Submissions

European patent No. 0 154 972 relating to a method and apparatus for verifying postage was revoked by a decision of the opposition division in accordance with Article 102(1). APC. According to the decision, the subject-matter of claim 1 of the patent as granted and of claim 1 according to the auxiliary request filed on 4 November 1993 did not involve an inventive step having regard to the following prior art documents cited in the opposition proceedings:

D1: FR-A-2 246 913 (published on 2 May 1975) corresponding to

D1": US-A-3 990 558;

D2: US-A-3 933 094 and

D3: US-A-3 832 946.

II. The patent proprietor filed a notice of appeal on 21 March 1994 against the above decision, paid the appeal fee the same day, and filed the statement of the grounds of appeal and a set of new claims forming the basis of an auxiliary request on 17 May 1994. As a further auxiliary request, the patent proprietor requested that oral proceedings be appointed.

In response, the opponents OI (Neoplast Ltd) and OII (Francotyp-Postalia GmbH) requested that the patent be revoked in its entirety. The opponent OII cited the following further prior art documents in his response dated 1 December 1994:

D5: FIPS Publication, 15 January 1977, "Announcing the Data Encryption Standard", pages 1 to 5;

D6: Encyclopaedia Britannica (1958), Vol. 5, "Codes and Ciphers", page 920 and

D7: CH-A-554 574

Both the opponents requested that oral proceedings should be appointed in the event that the Board intended to allow the appeal.

- III. In his response dated 7 April 1995, the patent proprietor objected to the late filing of documents D5 to D7, and requested that the case should be remitted to the opposition division in the event that the documents were to be allowed into the appeal proceedings and that 50% of the costs arising from the late citation of the documents should be awarded against the opponent OII.
- IV. In a communication accompanying a summons to oral proceedings, the Board informed the parties that a remittal of the case as requested by the patent proprietor was not justified, since by citing the new documents, the opponent OII did not present an entirely new case against the patent in suit, but merely provided background information to support the arguments which he had already submitted in the proceedings before the opposition division.
- V. Prior to the oral proceedings, the patent proprietor filed three sets of claims with his letter dated 2 February 1998, and requested that a patent be granted on the basis of:

claims 1 to 15 of the patent as granted (main request);

claims 1 to 13 according to first auxiliary request;

claims 1 to 12 according to second auxiliary request; or

claims 1 to 11 according to third auxiliary request.

Each of the sets of claims forming the basis of the main and auxiliary requests contains more than one independent claim.

VI. (i) Independent claim 1 of the main request reads as follows:

Claim 1

"A method of producing a mail piece (10) having verifiable indicia including an encrypted mark (20) that is part of alphanumeric indicia applied thereto, comprising:

generating postal data to be imprinted on the mail piece (10);

deriving a single encrypted alphanumeric character (20) based upon a stored seed number and the generated postal data; and

imprinting said mail piece (10) with indicia including a string of alphanumeric characters (18,20) representing at least a portion of said data and including said single encrypted alphanumeric character (20) as the only encryption of said indicia."

(ii) Claims 1 of the first, second and third auxiliary requests all have the same wording as follows, the amendments in relation to claim 1 of the main request having been underlined by the Board:

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Claim 1

"A method of producing a mail piece (10) having verifiable indicia including an encrypted mark (20) that is part of alphanumeric indicia applied thereto, comprising:

generating postal data to be imprinted on the mail piece (10);

deriving a single encrypted alphanumeric character (20) based upon a stored seed number and the generated postal data;

combining the single encrypted alphanumeric character (20) with the generated postal data to produce a string of alphanumeric characters representing at least a portion of said data and including the single encrypted alphanumeric character (20) as the only encryption of said data; and

imprinting said mail piece (10) with indicia including said string of alphanumeric characters (18,20)."

- VII. The patent proprietor made essentially the following submissions in respect of the issues raised during the proceedings:
 - (i) Admissibility of the late-filed documents D5 to D7:

According to the established case law of the technical boards of appeal, late-filed documents may be admitted into the appeal proceedings only if the documents can be shown to be of particular and immediate relevance to the subject-matter of the invention. The cited

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documents appear to be more in the way of background information, or further support for arguments already submitted by the opponent OII, so that they have little or no relevance to the invention.

(ii) Article 123(2) EPC

Contrary to the submissions made by the opponents, the application as filed clearly disclosed the encrypted mark as a single digit or a single alphanumeric mark. Thus, from the description of the embodiment Figure 1 on page 2, last three lines, it follows that the encrypted mark 20 is imprinted as if it were the least significant number of a piece count 18. Also, the number following the piece count in Figure 2 is a single digit which is underlined, and the decoder 22 in Figure 22 provides a validation mark which is designated as a "validation digit ", which is shown to correspond to the underlined least significant digit with an arrow. The claims as granted and amended as in the auxiliary requests, therefore, meet the requirement of Article 123(2) EPC.

(iii) Inventive step

(a) The present invention is a major breakthrough in preventing fraudulent adulteration of imprinted postage in that it employs an enciphering technique for the first time in a franking machine. Prior to the present invention, the problem of fraudulent imprints of postage was addressed in the field of postage meters, e.g. by preventing unauthorised access to the printing drum of the postage meter; by allowing printing on an insecure printer only after some secure accounting procedure; or by printing the serial number of the postage meter on each mail piece, so as to enable a comparison between the total

postage calculated by the postal authority for the meter and the total postage accounted for in the meter. The present invention thus provides an apparatus and method for verifying postage without recourse to any of the above known techniques.

- (b) The problem of fraudulent imprint of postage occurs in the field of postage meters, so that, according to the established case law of the boards of appeal, the skilled person is an expert in this technical field, and not in the field of enciphering technique such as that applied in document D1" for verifying the authenticity of a payment document, such as a cheque.
- Opposition division as establishing a link between mail pieces and payment documents, in fact makes it clear that considerable problems existed in the prior art in trying to apply techniques known for the preparation of pay cheques to the field of printing postage (see, for example, columns 1 and 2 of the document). Therefore, starting from the field of postage meters, a person skilled in the art is unlikely, on the basis of document D3, to consider exploring the field of preparation of pay cheques for solutions to problems arising in the postage meter field.
- (d) Moreover, the encryption technique according to document D1" was made available in 1976, and document D3 which was considered as establishing a link between postage meters and payment cheques was published in 1974. Nevertheless, it took

almost 10 years before an encryption technique according to the present invention was applied for validation of mail pieces. This fact in itself is an objective proof that the present invention was not rendered obvious by document D1".

- (e) The encryption technique according to document D1" requires a unique serial number to be applied to a payment document and a register of all the serial numbers in a document— evaluating station, so that a payment document having a given serial number is cashed only once. Such a technique would not be feasible for postage meters, since a given postage meter would have its own sequence of piece count numbers, and a duplication of a piece count number would, therefore, arise in practice. As a result, even if a skilled person consulted document D1", he would be dissuaded from applying the encryption technique taught in this document to the validation of postage.
 - In the encryption technique according to document (f) D1", the encryption number is printed in a separate field as a separate number and the encryption number is a multi-digit number, so that an incorporation of these essential criteria in a postage meter would not result in the present claimed invention. Moreover, a combination of the encryption number with other data, as in the present invention, is not contemplated in document D1". Also, since the encryption number in document D1" must uniquely represent the data from which it was derived, it cannot be a single alphanumeric character. Thus, the concept of providing a single character or number is clearly not suggested by or obvious in view of document D1".

- invention, since the document is concerned with providing postal data in the form of a bar code, and not as an alphanumeric indicia. Moreover, incorporating a single alphanumeric character as a part of a bar code would not hide the alphanumeric character as in the present invention.
- (h) The combination of a single encrypted character with a string of data characters according to the present invention minimises the risk of identification of the encryption. In addition, a single additional character in a string of characters that already need to be printed, does not require any significant modification of the postage printing device, and makes validation easy and reliable. The present invention thus provides a practical and economical solution to the validation of postal indicia that is completely contrary to the security measures provided in the cheque validation system of document D1".
- VIII. The arguments of the opponent OI can be summarised as follows:
 - and the filing date of the present patent is merely a subjective indication, and not an "objective proof", of an inventive activity, if such a delay cannot be explained by the general technical development in the field. In the present case, the delay of 9 years can be simply explained by the fact that the market realised the need for an improved security against fraud in the field of automatic franking machines only 9 years

afterwards. Moreover, a technical prejudice against the use of a technique known in a closely analogous field of bank cheques for about 9 years has not been established by the patent proprietor.

- (b) The use of a single encrypted digit in a string of digits for verification is completely analogous to the use of a single digit number after a point in the printed number of a European patent application. This single digit is derived using an algorithm from the other non-crypted printed characters of the application number. It is irrelevant whether this single digit is the result of this algorithm or is selected by truncation of a number having several digits, because such a selection of the single digit forms part of the algorithm for obtaining a unique encrypted digit.
 - (c) The patent proprietor's submission that in the present invention, the risk of identification of the encrypted character in a string of characters is minimised, is not convincing, since in order to localise the encrypted character, it would be sufficient to compare in two successive imprints the amount of postage, the dates of the imprints, and the piece counts. Moreover, the invention as claimed does not exclude that the encrypted character is the last character in a string of characters, so that its identification does not pose any problem.
 - (d) The only differences between the wording of claim 1 of the patent as granted and the disclosure of document D1" are that (i) the former relates to a mail piece, the latter concerns a cheque and (ii) that according to the invention a single encrypted character is imprinted, whereas in document D1" the encrypted number is a multi-

digit number. The use of a multi-digit encrypted number in D1" is necessitated because of the high level of security required for bank cheques, so that the use of a single encrypted character depends merely on the level of security required.

- IX. The opponent OII made essentially the following submissions:
 - (a) In the decision under appeal, document D3 was cited to show that many of the security and accounting problems in authorised printing of postage also occur in other value-dispensing applications such as the preparation of pay cheques. The opposition division was, therefore, correct in its finding, based on this document, that the skilled person in postage meters concerned with preventing fraud would be led to look in the field of preparation and assessment of pay cheques.
 - (b) Although in document D1" a single encrypted character is not specifically mentioned, it is, nevertheless, not excluded by the teaching of this document. Cost/utility considerations in providing cryptographic protection for data belong to the existing specialist-knowledge of a skilled person, as can be seen from document D5. To a skilled person, it was, therefore, obvious to simplify the method of document D1" by using only a single digit encryption mark, if the protection obtained by such a use was considered to be adequate.
 - (c) The concept of concealing a coded character within data characters cannot be regarded as an inventive measure, since such a measure belongs to the fundamental concepts of cryptography. Document D6, which is a copy of Encyclopaedia Britannica, 1958,

vol. 5, page 920, discloses a concealment system, wherein a secret message is hidden in an apparently innocuous message. The present invention thus employs the well-known concealment system.

Document D7, the content of which was already made available to the patent proprietor in March 1994 in connection with a different opposition proceeding, describes a process for preventing forgery of credit cards, wherein the coded information is stored both on an information track, and permanently outside the same.

Individual parts of the information on the information track may be inserted between the "Main information", so that they are difficult to identify.

Documents D5, D6 and D7 thus represent the specialist's knowledge at the priority date of the patent in suit, and clearly demonstrate that measures proposed in the claims of the main and auxiliary requests were obvious to the skilled person.

Reasons for the Decision

- The appeal is admissible.
- Admissibility of late-filed evidence
- 2.1 As set out in paragraph II above, the opponent OII cited documents D5 to D7 during the appeal proceedings, more than three years after the grant of the opposed patent, so that these documents were cited outside the period for the notice of opposition according to

Article 99(1) EPC. In connection with documents D5 and D6, it was submitted by the opponent OII that they represent common general knowledge of a skilled person at the priority date of the patent in suit, and, therefore, cannot be considered as not filed in due time and, therefore disregarded under the provision of Article 114(2) EPC.

In decision T 85/93 (dated 17 October 1996, to be published), where the evidence of common general knowledge was filed for the first time during the appeal proceedings, the Board held that evidence of common general knowledge, like any other evidence in support of an opponent's case, should be filed at an early stage in the proceedings before the opposition division (following G 4/95, OJ EPO 1996, 412), and may be rejected as inadmissible in the Board's discretion, if filed for the first time during the appeal proceedings.

The present Board follows the above decision, so that, contrary to the submission made by the Opponent OII, the Board is empowered to exercise its discretion under Article 114(2) EPC to disregard these documents despite the fact that they indicate common general knowledge in the relevant technical field.

The question before the Board is, therefore, whether the circumstances of the present case justify admission of the late-filed documents into the appeal proceedings.

According to the established case law of the boards of appeal, one of the principal factors governing the admissibility of the late-filed evidence is its relevance, i.e. its evidential weight in relation to other documents already on file (see, e.g. T 326/87, OJ EPO 1992, 522; T 560/89, OJ EPO 1992, 725; T 611/90, OJ

EPO 1993, 50). Also, following the principles established in decisions G 9/91, OJ EPO 1993, 408; G 10/91, OJ EPO 1993, 420, it was held in decision T 1002/92 (OJ EPO 1995, 605) that in proceedings before the boards of appeal, new facts, evidence and arguments which go beyond the "indication of facts, evidence and arguments" presented in the notice of opposition pursuant to Rule 55(c) EPC on which the opposition is based, should only very exceptionally be admitted into the proceedings in the appropriate exercise of the board's discretion, if such new material is prima facie highly relevant in the sense that it can reasonably be expected to change the eventual result and is thus highly likely to prejudice the maintenance of the European patent (emphasis added by the Board).

Document D5 (see page 2) suggests that a risk analysis to determine potential threats to data that is considered to be sensitive should be carried out by the responsible authority and that cost analyses of providing cryptographic protection using the standard as well as alternative methods of providing this protection should be carried out with a view to deciding whether or not to use cryptographic protection and this standard. There is no disclosure, however, in this document that, based on these analyses, the standard itself should be simplified so that a single encrypted alpha numeric character in a string of characters representing at least part of data is used.

In the "concealment systems" disclosed in document D6, a secret message is hidden in an innocuous piece of clear text. The information is conveyed solely by the hidden message. In the invention as claimed, on the other hand, the string of characters printed on the mail piece represents at least a portion of the postal data and also includes the single encrypted alpha numeric character.

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In document D7, coded information is stored on an information track. Moreover, parts of the information on the information track may be concealed within the "main information". However, since the entire information stored on the main track is coded, it is not clear that the mair information is in clear text.

In view of the above, documents D5 to D7 do not disclose an essential feature of the invention as claimed and, as would be evident from the following discussion of inventive step, are not any more relevant than the documents on the file. These documents are therefore not admitted into the appeal proceedings pursuant to Article 114(2) EPC. The issues of award of costs and remittal of the case to the department of the first instance, therefore, do not arise (see paragraph III above).

3. Article 123(2) EPC

It was contended by both the opponents that the application as originally filed does not clearly disclose that the encrypted character which is derived from a stored seed number and the postal data is either a single digit or a single alphabetic character. In this connection, with reference to the original description on page 2, lines 7 to 9 and lines 33 to 34, and page 2, line 35 to page 3, line 2, it was submitted that the encrypted mark in fact has more than one digit or character, since it is disclosed in the cited texts that the encrypted mark 20 may be in the form of alphanumeric characters or numerics. Furthermore, it was submitted by the opponents that the only indication in Figure 1, where a line from a reference numeral 20 for an encrypted mark leads to a single digit "2" in a string of characters, cannot be regarded as a clear disclosure of an essential feature of the invention.

The Board, however, having regard to the entire disclosure in connection with the embodiments of Figures 1 and 2, is of the view that the application as filed clearly discloses a single digit encryption mark 20. Thus, it is stated on page 2, lines 34 to 35 that the encryption mark 20 is placed as if it were the least significant number of the piece count 18 as shown in Figure 1. Also, in the validation system described with reference to Figure 2, on page 3, lines 14 to 32, a decoder 22 generates a valid mark which is designated as "validation digit" in Figure 2. This valid mark is then compared with the number following the piece count. When this disclosure is read in combination with Figure 2, where an arrow from the "validation digit" is shown to point to the last underlined digit 2 of a string of numbers containing the piece count 18, it is evident that the encryption character is number 2, i.e. a single digit number. Also, as disclosed in connection with Figure 1, the single digit encryption mark 2 is placed as if it were the least significant number of the piece count.

For the foregoing reasons, in the Board's judgement claim 1 of the patent as granted, and as amended in the proceedings before the grant, meets the requirement of Article 123(2) EPC.

4. Inventive step

The only issue in the present appeal is therefore that of inventive step having regard to the documents D1", D2 and D3 cited in the opposition proceedings.

4.1 Main request

- 4.1.1 In the introductory part of the patent in suit, reference is made to conventional postage meters which find extensive use throughout the world for generating and imprinting postal data, i.e. amount of postage, date of mailing, piece count, postage meter number etc., using alpha numeric characters on a mail piece (see column 1, lines 5 to 10). Such a method of imprinting postal indicia on a mail piece and a postage meter for imprinting postal indicia are also known from document D3 or D2, and can be considered as the prior art coming closest to the claimed invention.
- 4.1.2 The method of producing a mail piece according to claim 1 is thus distinguished from such a conventional method in that:
 - (a) the mail piece is imprinted with a verifiable indicia including an encryption mark;
 - (b) the encryption mark is a single encrypted alphanumeric character derived from a stored seed number and the postal data; and
 - (c) the verifiable indicia includes a string of alpha numeric characters representing at least a portion of postal data and the single encrypted alphanumeric character as the only encryption of said indicia.
- 4.1.3 With regard to the use of an encryption mark in the printed indicia (feature (a)), it was submitted by the patent proprietor that this reduces the risk of fraudulent imprint of postage even when an insecure printer was used. Although, the wording of claim 1 does not specifically exclude the use of a secure printer, and the patent as granted does not mention that the

encryption technique would enable the use of a conventional insecure printer, the Board considers that the use of an encryption mark as claimed would reduce the risk of fraud irrespective of whether or not a secure printer preventing unauthorised access is provided, and, consequently, would enable the use of an insecure printer.

Also, having regard to the submissions of the patent proprietor in paragraph VII (iii) (h) in connection with the distinguishing features (b) and (c), in the Board's view, the objective problem underlying the present invention as claimed in claim 1 can be regarded as providing a practical and economical method of imprinting postal indicia, which reduces the risk of fraudulent imprint of postage.

- 4.1.4 In the field of postage meters, the problem of fraudulent imprint of postage is well-recognised and has also been overcome by various methods of validation of imprinted postage (see, e.g., the description in column 1, lines 28 to 39 of the patent in suit, and the submission of the patent proprietor in paragraph VII (iii) (a) above). Thus, it would be obvious to provide a further method of imprinting postal indicia which is practical and economical and prevents or reduces the risk of fraudulent imprint.
- 4.1.5 Document D3 relates generally to the field of postage metering and computer peripheral printing equipment. In the discussion of the background of the invention disclosed in this document, it is recognised that the printing of some special purpose indicia having value validating significance may give rise to certain security problems, and that such problems may arise in preparation of pay cheques and the printing of postage (see column 1, lines 21 to 26). Moreover, it is disclosed in column 4, lines 16 to 22 of the document

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that many of the security problems which occur in authorised postage printers are the same for other value-dispensing applications such as the preparation of pay cheques.

In the Board's view, contrary to the submission of the patent proprietor (see paragraph VII(iii)(c)), the above cited texts clearly show that a skilled person in the field of postal meters was aware of the fact that in the field of preparation of pay cheques the same security problems as in the franking of postage occurred. A skilled person confronted with the above objective problem thus gets a clear hint in document D3 to consult the field of preparation and validation of payment documents, such as bank cheques.

4.1.6 Document D1" concerns a method and apparatus for preparing and evaluating payment documents, e.g. bank cheques, by coding so as to avoid fraud. In the apparatus and method for preparing the payment document described with reference to Figure 1 (see column 2, line 52 to column 3, line 36), an enciphering device 1 generates a crypto number based on a secret code supplied from a secret code store 8 and other information data, such as the cheque amount and the cheque serial number, and prints the information data and the crypto number on the payment document in three separate fields 5,6 and 7, the crypto number being printed in the field 7. Thus, printed indicia includes alphanumeric characters representing said data from which the crypto number is derived and the crypto number.

With regard to the patent proprietor's submissions in paragraph VII (iii) (e) above, the Board agrees that the encryption technique according to document D1" requires an imprint and validation of the cheque serial number, and that it would be obvious to the postage

meter expert that such a validation would not be feasible in the case of a mail piece. However, in the Board's view, the skilled person would also realise that in the encryption technique disclosed in D1", the content of the information data supplied is not crucial to the generation of a crypto number, so that the known encryption technique would also provide an encryption code in alphanumeric postal indicia using appropriate postal data.

In document D1", the crypto number is not disclosed to be a single digit number and is printed in a field (7) separate from the field (6) where non-encrypted data, i.e the serial number, is printed.

With regard to the use of a single encrypted digit for verification, the Board agrees with the submissions of opponent OI in paragraph VIII (b) above that such a use is closely analogous to the use of a single digit which follows the European application number, for verifying the application number. This single digit is separated from the application number by a point which is not an alphanumeric character. Thus, the single digit does not form part of a "string of alphanumeric characters" in the strict sense of the expression. In the Board's view, however, a skilled person would, depending upon the circumstances, combine the single encryption digit with the rest of the alphanumeric characters so that they form a string of alphanumeric characters. Thus, for example, depending upon the number of characters to be printed and the space available on a mail piece for such an imprint, it would be obvious to combine the encrypted character with the non-encrypted alphanumeric characters to form a string of characters. The advantages resulting from the imprint of such a string of characters, mentioned by the patent proprietor (see paragraph VII(iii)(h)), would also be evident to the skilled person a priori.

- 4.1.7 As regards the submission of the patent proprietor in paragraph VII(iii)(d) above, it is the established case law of the boards of appeal that such a secondary indication, i.e the age of the prior art documents, is no substitute for an objective technical analysis of the invention with respect to the prior art, which in the present case, as shown above, leads to the conclusion that the invention as claimed does not involve an inventive step (see e.g. T 24/81, OJ 1983, 133 and T 55/86). In the present case, the delay of about 9 years might well be due to non-technical considerations, i.e. that the existing security against the fraudulent imprint of postage was considered as adequate having regard to the extra costs involved in the incorporation of encryption techniques. Moreover, a technical prejudice against the use of a technique known in a closely analogous field of bank cheques has neither been alleged nor established by the patent proprietor.
- 4.1.8 For the foregoing reasons, in the Board's judgement, the invention as claimed in claim 1 of the main request does not involve an inventive step.
- 5. Claim 1 auxiliary requests

Claims 1 of all the auxiliary requests contain the same subject-matter (see paragraph VI(ii) above), which, in relation to claim 1 of the main request, merely emphasises that the single encrypted character is combined with the other alphanumeric characters representing a portion of the postal data, so as to form a string of alphanumeric characters. In the above consideration of inventive step in the subject-matter of claim 1 of the main request, the expression, "a string of alphanumeric characters" has been interpreted to mean that the alphanumeric characters follow in succession, so that the considerations in respect of

claim 1 of the main request also apply to the subjectmatter of claim 1 of all the auxiliary requests. Consequently, these claims also do not involve an inventive step within the meaning of Article 56 EPC.

As claims 1 of all the auxiliary requests are not allowable, there is no need to consider the allowability of the remaining independent claims of the main and auxiliary requests.

Order

For these reasons it is decided that:

The appeal is dismissed.

The Registrar

The Chairman

M. Beer

G. Davies