



**Akuon v Safaricom PLC & 2 others (IPT Case 95 of 2020)
[2022] KEIPT 873 (KLR) (Civ) (31 August 2022) (Judgment)**

Neutral citation: [2022] KEIPT 873 (KLR)

**REPUBLIC OF KENYA
IN THE INDUSTRIAL PROPERTY TRIBUNAL
CIVIL**

IPT CASE 95 OF 2020

BROWN KAIRARIA, CHAIR, PAULINE MUHANDA & FRASIA WANGARI, MEMBERS

AUGUST 31, 2022

**IN THE MATTER OF AN APPLICATION TO PROHIBIT THE CONTINUATION OF
INFRINGEMENT OF PATENT NO. KE 842 TITLED MOBILE VIRTUAL BANK ACCOUNT
MANAGEMENT AND IN THE MATTER OF A REQUEST UNDER SECTION 103(1)
OF THE INDUSTRIAL PROPERTY ACT FOR REVOCATION OR INVALIDATION
OF PATENT NO. KE 842 TITLED MOBILE VIRTUAL ACCOUNT MANAGEMENT**

BETWEEN

DR. PETER ODERO AKUON APPLICANT

AND

SAFARICOM PLC 1ST RESPONDENT

NATIONAL COMMERCIAL BANK OF AFRICA (NCBA) 2ND RESPONDENT

KENYA COMMERCIAL BANK (KCB) 3RD RESPONDENT

JUDGMENT

Introduction

1. On 17th December 2020 Dr. Peter Odero Akuon [the Requester] instituted infringement proceedings by way of a Request in [Form IPT16] under Section 106 of the *Industrial Property Act* [IPA] and Rule 20[1] Industrial Property Tribunal Rules [IPT Rules 2002]. He claims that Safaricom PLC [1st Respondent, National Commercial Bank of Africa [NCBA] LTD 2nd Respondent] and Kenya Commercial Bank [3rd Respondent] have infringed his invention titled ‘mobile Virtual Bank Account Management’, by offering the Fuliza M-pesa product.



2. The Fuliza Mpesaproduct is an overdraft facility offered by the 1st Respondent in partnership with the 2nd and 3rd Respondent to the 1st Respondent's customers who have subscribed to its mobile phone-based money transfer service – [the Mpesa Service].
3. The Requester's Mobile Bank Account Management invention, "involves the use of a network system for instance a mobile network hired by the participating banks having subscriber account for subscribers, with each subscriber account linked to a virtual bank account that is not operated by the person at the front desk of a banking institution and without a subscribing customer having to hold the conventional bank account with the financial institution; but being 'able to access the virtual account through mobile money banking unstructured Subscriber service dialing [USSD], application-based remote hardware, sim tool kit, internet banking or point of sale agency banking'.
4. The 'Mobile Virtual Bank Account Management' is protected under patent number KE xxx which was registered at the Kenya Industrial Property Institute [KIPI] on 10th February, 2020, following a national application for grant of patent number KE/P/2017/2769, having a filing date of 20/12/2017 and a priority date of 12/04/2017.
5. The Requester seeks the following reliefs against the Respondents for the alleged infringement;
 - a. An injunction to restrain Safaricom PLC, National Commercial Bank of Africa Ltd [NCBA] and Kenya Commercial Bank Ltd [KCB] whether acting by themselves, their directors, officers, servants or agents or otherwise howsoever from infringing patent number PCT/xxxx/xxxx by offering 'fuliza M-pesa' product or any product akin thereto.
 - b. An order prohibiting Safaricom PLC, National Commercial Bank of Africa ltd NCBA and Kenya Commercial Bank [KCB] to infringe patent Number PCT/xxxx/xxxx by offering 'Fuliza M-pesa' product until they obtain a license from the Requester.
 - c. An injunction to restrain Safaricom PLC from procuring, authorizing and or directing National Commercial Bank of Africa ltd [NCBA] and Kenya Commercial Bank [KCB] to infringe Patent Number PCT/xxxx/xxxx by offering Fuliza M-pesa 'Product.
 - d. An order for the account of profits made by Safaricom PLC, National Commercial Bank of Africa ltd [NCBA] and Kenya Commercial Bank [KCB] and each of them by infringement of the patent Number PCT/xxxx/xxxx through the offering of Fuliza M-pesaproduct and an order for payment of all sums due with interests thereof.
 - e. The applicant be justly compensated for unlawful use of his patent without authorization as from the moment the Respondent's received the notice of infringement.
 - f. General damages calculated based on reasonable royalty method
 - g. Costs of the suit.
6. The request is accompanied by a statement of facts dated 17th December, 2020. That statement sets out the grounds and the facts relied upon by the requester in support of his infringement action against the Respondents. In addition, it seeks prayers in the same terms as those in the request.
7. We observe that the reference to patent number PCT/xxxx/xxxx in the Requester's prayers is erroneous as the Certificate of the grant of Patent dated 10th February 2020 was issued in respect of national application number KE/P/2017/2769. As can be seen from the copy of WIPO- International Bureau Publication xxxx/xxxx accompanying the statement of facts [POA-2], PCT/IB2018/O50967 is the international application Number for the international application filed on 16th February 2018, and is



clearly not the basis upon which patent Number KE 842 was granted. The international application was filed on 16th February 2018 which is subsequent to the national application filed on 18th December 2017. From the evidence on record application NU. PCT/IB2018/050967 was not converted to a national application and neither was the PCT route pursued to secure patent registration in Kenya.

8. PCT/IB2018/050967 being merely an international patent application number and not a patent grant it did not create any rights in favor of the Requester in Kenya in respect of which the Respondents could legally be accused of infringing and in respect of which the Tribunal could be called upon to enforce as sought by the Requester in his prayers. There is no evidence of a patent grant Number PCT/IB2018/050967 registered in Kenya. In the circumstances, the Requester's prayers cannot be granted in the manner formulated in both the Request and the statement of facts.
9. However that is not the end of the matter as the infringement case framed and presented by the requester and opposed by the Respondents is in respect of patent Number KE842. It is also patent number KE842 that the Respondents have in turn counterclaimed for revocation/invalidation under section 103 of the Act in their respective replies/counterstatements in opposition to the infringement action and the separate requests for revocation filed by the 1st and 2nd Respondents supported by the 3rd Respondent. The revocation action is predicated on among other grounds; lack of novelty, lack of inventive step, and the patented invention relating to a matter expressly excluded from patent protection under section 21[3] b of the Act. The Requester opposes the revocation action.

Requestor's Case

10. In his statement of facts the requester/applicant states; that he is a specialist Inventive Researcher and patent sitting Specialist, lecturing at the Electrical and Information Engineering Department of the University Nairobi; and one of the original initiators of the M-PESA product as part of his initial student project; he was engaged by the 1st Respondent as a network Engineer from July 2006 to December, 2009 when he resigned to pursue further studies; he has done a lot of research in mobile bank account management systems, generated numerous ideas and made numerous invention ideas some of which he has already patented or submitted for registration as inventions. One such application is international application Number PCT/IB2018/050967 filed on 16th February 2018 through the Patent Cooperation Treaty [PCT] system titled 'Mobile Bank Management Systems] and published by the WIPO International Bureau under [International Publication number WO2018/189597 A1[POA2] on 18th October, 2018, with a priority date of 12th April 2017.
11. The Kenya Industrial Property Institute [KIPI] issued a certificate of Grant of Patent KE 842 [POA 3] in respect of the same invention following national application number KE/P/2017/2769, having a filing date of 20th December, 2017 and a priority date of 12th April, 2017. The reason or explanation for that priority date is that the Requester initially filed an application for registration of a utility model on 12th April 2017, which was later converted into an application for grant of a patent with a filing date of 20th December, 2017.
12. The Applicant further states that patent [842] is a process and operating system that creates a virtual bank through a mobile network which then allows prospective mobile network subscribers to access services such as loans on an interest basis, fixed deposit accounts, payments, withdrawals, deposit accounts, money transfers and overdraft services. He avers that the patent surpasses inventions in prior art, is new, involves an inventive step and is industrially applicable.
13. According to the Requester the Prior art money transfer system surpassed by his Mobile Virtual Bank Account Management is based on subscriber identity Module [SIM] Protocol, which provides services to registered customers with SIM cards. The system is not integrated with the Bank account and



users do not need to open bank accounts e.g CelPay in Zambia. Other inventions such as the Western Union achieve money transfers in the absence of banking facilities, companies like Globe-G-Cash uses short messages [SMS] notification, and the Smart money uses ‘smart credits [both in the Philippines] ‘as electronic payments applying an electronic wallet card linked to a mobile phone account while customers with bank accounts use mobile phones to transact.

14. The Requester states the limitations in these prior art Inventions include the fact that they operate with a bank account infrastructure and the customer is mandated[sic] required to register and open a bank account which in fact limits many people to access money since many customers have limited access to bank accounts. The patented innovation is stated to be ‘important in making sure that everyone has access to a banking platform without being a customer to a particular financial institution as neither a bank account nor face bank representatives.’ We note that not all the international prior art cited by the Requester require banking infrastructure and opening of bank accounts whether conventional or virtual to operate. For instance, Celpay, Western money Union, and smart money cited in the Requester’s description do not require the opening of a bank account for the user to transact.
15. The Tribunal observes that the prior art [Celpay[Zambia], Smart Money [Philippines] A-G cash and Western Union], cited by the Requester in the international arena and the description thereof, including the identified limitation and the workings of the proposed solution in the Requester’s patent specification document bears a very close resemblance to the description in the European Patent Specification EP 1 922 681 B1 [Mobile Account Management, with a filing date of 11.08.2006] cited by the 2nd Respondent [see BO 8 in the 2nd Respondent’s Bundle of Documents.
16. The Requester/Applicant cites Prior art in Kenya as including Safaricom FLC’s M-pesawhich he describes as ‘a mobile telephone-based money transfer system account, not associated with a bank account, current account credit card account or debit card account, prepaid card issued by a financial institution or any other type of account associated with a financial institution. Mpesa user does not require to have a bank account within a financial institution, the funds remain with the mobile-based money transfer system unless they are exchanged for goods and services or withdrawn.’”
17. In addition he cites other mobile money transfer systems used by financial institutions in Kenya where a mobile network SIM card account is internally linked to an existing real bank account of a customer in a financial institution, e.g. Equitel subscriber Identity Module [card account services offered by Equity Bank Ltd.
18. The requester says that the drawbacks with prior art like Mpesaand the rest is one of limited access to bank facilities and it is more expensive because systems like Mpesahire banking services. Additionally, he contends there is little trust by regulators due to lack of legitimacy as a financial institution. His invention seeks to defeat the identified challenges faced by prior art because it consists of the use of evolution global technology systems for mobile communications [GMS] network or internet, software applications, transactions devices and virtual bank accounts. Further, the patented invention involves the use of a network system for instance a mobile network hired by participating banks having subscriber account for subscribers, with each subscriber account linked to a virtual bank account that is not operated by the person at the front desk of a banking institution, meaning that a subscribing customer need not hold the conventional bank account with the financial institution but the customer may nevertheless have a real bank account with the financial institution and the same customer may as well be subscribed to a virtual bank account with the same bank or any other bank.
19. The requester further argues that the costs of transactions are expected to be lower than existing systems since the banks are linked virtually and there is more confidence and trust in using registered financial



institutions where most people store the bulk of their savings and are monitored and regulated by the Central Bank of Kenya.

20. The Requester complains that the 1st Respondent in Partnership with the 2nd and 3rd Respondents launched an overdraft service facility known as Fuliza M-pesa on 7th January which directly applies its patented invention [842] which he reckons is ‘the only system that provides the interface between the bank and the 1st Respondent and allows the operation of the Fuliza Mpesa product’. The Requester then accuses the Respondents Fuliza M-pesa product of unlawfully riding on his patent by unlawfully operating an aspect of the businesses [provision of overdraft facilities] that are supported by the patented Mobile Bank Account Management System for future banking.
21. He elaborates this at par.31 to 37 where he states: Fuliza Mpesa operates by providing an overdraft facility on a mobile subscriber’s M-pesa platform without requiring the Mobile subscriber to be a holder of a bank account with either the 1st or 2nd Respondent or any other banking institution; Fuliza Mpesa is offered on the Mpesa Sim Toolkit[STK] application and the My Safaricom Application [app], a customer subscribes to the service by dialing 234 0# and agreeing to the presented Fuliza terms and conditions, a subscriber receives a confirmation message confirming his or her overdraft limit to the service upon opting into the service, the limit is often reviewed after a while depending on frequency of use of the facility and the subscriber’s conduct in repayment of the overdraft facility; the Fuliza –mpesa overdraft facility is available for sending money to another mobile subscriber and Lipa na Mpesa transactions; it has to be repaid within 30 days from the day the facility was first granted ;one does not qualify for another facility if he or she has not settled the amount due beyond the 30 days limit, and Safaricom reserves the right to automatically debit the amounts due from the credits deposited or received into M-pesa account at any time until the facility is cleared in full.
23. After elaborating on the operation of Fuliza Mpesa the Requester then asserts that [at par.37]’ the Modus operandi of Fuliza–mpesa is similar to the filed patent ‘ and cites paragraph 255 in the patent specification document as an illustration of the stated similarity. Par.255 is part of the detailed description of the invention in the application for grant of patent and reads;

“The present invention relies on both banking concepts and mobile network service concepts, in which the network services are used to support banking transactions, where the customer does not have to open the conventional bank account.”
24. The requester then explains the operation of the patented invention at paragraphs 38 to 43 asserting;The patented system is designed to use a mobile phone, a banking agent, a network service provider, a transaction processor, a database, virtual banks and real banks all of which this system is interconnected as in figure I of the filed Mobile Bank Account Management Systems.The mobile phone is the device and handset that provides connectivity between the bank, the network service system and other subscribers. The mobile phone holds a registered module for a subscriber account and is served by the network service to provide communication between the mobile handset and the banking agent or payments recipient’.The network service provider performs functions of coordinating the transactions that happen using the SIM module in a subscriber’s mobile handset and the banks and to do so, it uses the transactions processor device and databaseThe transactions processor manages all transactions from the network service provider to all the rest of the components and updates records ledgers as recorded when the virtual bank transacts with mobile subscriberThe virtual banks cannot operate on their own hence they need the back up of real time conventional banks since they are legally licensed and mandated to offer banking services by the Central Bank of Kenya.
25. The Requester then alleges these elements of his invention are performed and embodied in the Respondents’ infrastructure; In the Fuliza Mpesa, the 1st Respondent is the network service provider



and is not only a partner of the two Respondent banks in the Fuliza Mpesa service but doubles up as their banking agent in the transactions conducted through the Fuliza Mpesa service; the respondents run and manage the transactions processor and database jointly so that all transactions between the mobile subscriber, the network provider and the bank are actually recorded and the ledgers updated accordingly; further applicant states that the set-up of the Respondents Fuliza Mpesa infrastructure mirrors the applicant's set up thereby infringing on his patent.

26. In particular the Requester states that the FulizaProduct directly infringes on claims 1, 2, 3, 4, 5, 6, 7, 8, 12, 13 and 14 of the subject patents in the manner set out at part 49 to 70 in the statement of facts.
49. Claim 1 of the Applicant's patent protects the method of providing control of transactions for a prospective subscriber to a virtual bank account in an approved banking institution. This method comprises the steps of establishing a subscriber account, the settings of the subscriber account being stored in a data base; linking the subscriber account such that the control settings of the subscriber account are determined through a transactions processor device and linking the subscriber account to the virtual bank account via a communications network, where the virtual bank account refers to a transferable bank account from a given banking institution to another banking institution through a common bank agent without the need for a subscriber account holder's knowledge of his/her newly assigned bank/financial institution.
50. The Respondent's Fuliza M-Pesa out rightly infringes on claim 1 of the Applicant's protected patent on the method of controlling transactions in the following manner;
- a) A customer of Fuliza M-Pesa uses his/her mobile handset by dialing a USSD number xxxx and in so doing, he establishes a subscriber account to Fuliza M-Pesa such that whenever he/she has a shortage of money in his M-Pesea account he/she can easily request for an overdraft facility on his/her M-Pesa thus infringing on claim one on the method of establishing a subscriber account.
 - b) The information of the subscriber account is then stored in a data base that is managed by the Respondents jointly and to this extent, infringes on the method of the transaction as protected under the Applicant's patent.
 - c) the subscriber account is then linked in such a way that the control settings of the subscribed account are determined by the transactions process device which is in custody and operation of the Respondents.
 - d) A subscriber of Fuliza M-Pesa is then linked to the virtual bank of the Respondents via a communications network that belongs to the 1st Respondent. It is a virtual bank because the subscriber does not know which bank is furnishing the overdraft facility.
51. Claim 2 of the Applicant's patent protects the method of providing control of transactions for a prospective subscriber to a virtual bank account wherein the control settings include a list of approved banking institutions where transactions can be made from the subscriber account.
52. The Respondent's Fuliza M-Pesa infringes on claim 2 of the Applicant's protected patent in the following manner:
- a) Fuliza M-Pesa controls transactions which can be done through the overdraft facility including but not limited to transferring the overdraft facility to another subscriber thus infringing on the method of control.



- b) The control settings of the product include the 2nd and 3rd Respondents who ordinarily are not known to the subscriber.
53. Claim 3 protects the method of providing control of transactions for a prospective subscriber to a virtual bank account according to Claim 1 wherein the step of establishing the subscriber account further include assigning a unique identifier for the subscriber and a mother banking institution.
54. The Respondents' Fuliza M-Pesa infringes on claim 3 in the sense that it accords a unique code to the subscriber of the product which helps the banks to follow up the transactions and map them out.
55. Claim 4 of the Plaintiffs patent protects the method of providing control of transactions for a prospective subscriber to a virtual bank account according to claim 1 where therein the step of linking the subscriber account to the virtual bank account further includes notifying a subscriber associated with the account.
56. The Respondent's Fuliza M-Pesa product infringes on claim 4 of the protected patent wherein after one has subscribed to the services he/she receives a short message text confirming his subscription. Additionally, whenever a transaction is processed, the subscriber of Fuliza M-Pesa receives a notification on his/her handset device.
57. Claim 5 of the Applicant's patent protects the method of providing control of transactions of a prospective subscriber to a virtual bank account according to claim 4 wherein the step of notifying a subscriber associated with the subscriber account is performed via e-mail or short message service (hereinafter referred to as "SMS").
58. The Respondents infringe on the Applicant's claim 5 by notifying a subscriber to Fuliza M-Pesa through a short message service whenever a transaction is processed or whenever a subscriber has reached the maximum limit of getting an overdraft facility.
59. Claim 6 of the Applicant's patent protects the method of providing control of transactions for a prospective subscriber to a virtual account according to claim 1 wherein the subscriber account is supported by a communications network.
60. A subscriber to Fuliza M-Pesa heavily relies on the functioning of a communications network which is provided by the 1st Respondent thus infringing on claim 6 of the patented mobile virtual bank account management.
61. Claim 7 and 8 of the Applicant's patent protects the method of providing transactions for a prospective subscriber to a virtual bank account according to claim 1, wherein the transactions refer to transferring value from one subscriber account to another subscriber account, depositing fiat money, crypto-currency or value to a subscriber account and withdrawing value from a subscriber account.
62. Transferring value means transferring an amount of electron fiat money, an amount of crypto-currency, a number of deposits, an amount of loan, a number of bills, an amount of interest earned or a number of dividends earned.
63. The Respondents' Fuliza M-Pesa products infringe on claim 7 and 8 such that one is able to transfer the overdraft facility which is electronic fiat money from one subscriber to another subscriber account and also one is able to deposit fiat money into the subscriber account which the Respondents have the right to automatically deduct.



64. Claim 12 of the applicant's patent protects the system providing control of the transactions for a prospective subscriber to a virtual bank account comprising a transactions processor device, a transactions processor program with instructions and module to execute the program, a subscriber network module and a data base hosted on the transactions processor storing information for as subscriber account where the virtual bank account refers to a transferrable bank account from a given banking institution to another banking institution through a common bank agent, without the need for a subscriber account holder's knowledge of his/her newly assigned bank/financial institution.
 65. The Respondent's model that enhances and facilitates Fuliza M-Pesa mirrors the protection afforded to the Applicant's patent under claim 12 thus fundamentally infringing on the same.
 66. Claim 12 of the Applicant's patent protects the system providing control of transactions for a prospective subscriber to a virtual bank account according to claim 12 wherein the transactions processor device communicates with a list of approved banking institutions.
 67. As stated, and observed earlier, the transactions processor device provides a linkage between the 1st Respondent and the banking institutions of the 2nd and 3rd Respondents thereby infringing on the patent of the Applicant as protected under claim 13.
 68. Claim 14 of the Applicant's patent protects the system providing control of transactions for a prospective subscriber to a virtual bank account according to claim 12 wherein the transactions processor device allows any virtual bank agent to transact with any subscriber account through the subscriber network module.
 69. The 1st, 2nd and 3rd Respondents who are custodians of the virtual bank reserve the right to automatically deduct funds directly deposited on the M-Pesa platform thereby infringing on claim 14 of the applicant's patent since this automatic deduction of funds is a transaction between a virtual bank agent and s subscriber account through the subscriber network module.
 70. The Respondents have clearly infringed on the operating system of the Applicant's patent as demonstrated above and such infringement is clearly not schemes, rules and method of doing business that would primarily be excluded from protection under the *Industrial Property Act.*"
27. In addition the applicant relies on the doctrine of equivalents and states the Respondents have continuously infringed on the patent without color of right and he is thus entitled to the reliefs sought.

First Respondent's case [Safaricom Plc]

28. Safaricom PLC the 1st Respondent opposes the request in a reply/counterstatement dated 30th March, 2021. It denies the grounds and the facts relied upon by the Requestor in support of the request for orders of injunction, prohibition, an account for profits, award of damages and costs for alleged infringement. It denies infringing the Requester's patent number 842 and in response to the request and the statement of facts states as follows; Fuliza Mpesa is not a bank account and or a virtual bank account as alleged by the Requester, it is a credit lending to Mpesa customers and works as an overdraft Model; it is offered on the existing M-pesa platform and does not utilize the features or the software based on the Requester's patent 842 ; Safaricom PLC does not operate as a bank ,is not licensed as a bank and does not fund the Fuliza Mpesa service; Safaricom Plc only manages the technology that runs the Fuliza M-pesa service, its banking partners fund the Fuliza M-pesa service, Fuliza M-pesa Service relates to an existing subscriber account that does not exhibit the features contained in the patent and is not transferable using common banking agent, Fuliza M-pesa cannot be considered a virtual bank account; Safaricom plc has a duty to notify its subscribers whenever any transactions are



done on the MPESA platform; Mpesa offers Money payment and transfer service through a system designed by and or on behalf of Safaricom PLC; Fuliza M-pesa is a service that introduced a function to M-pesa that allows users to transfer amounts exceeding the funds held in their account so that a particular transaction is completed even when there are insufficient funds in the account; Fuliza Mpesa does not infringe the Requester's alleged invention in any way; the Fuliza M-pesa service does not include any form of transferable Bank account, nor mechanism or component for transferring bank accounts, Safaricom PLC is not and has never been a custodian of a virtual bank accounts and has never been licensed to offer banking services in Kenya; Fuliza Mpesa is a mobile money service that is offered by Safaricom Plc through a customer's M-pesa account and is not offered through virtual bank accounts; the Requester is not entitled to rely on the doctrine of equivalents; the underlying technical software features of operating Mpesa service are different and distinguishable from the alleged invention disclosed in the patent ,the claim of infringement is unfounded; the legal and factual basis/ grounds stated in support of the request under Section 106 are misleading, incorrect and unfounded.

29. The 1st Respondent counterclaims for revocation of patent 842 on grounds that it lacks an inventive step, is invalid, does not meet the criteria for patentability under the Industrial property Act; in particular the alleged invention lacks novelty; the claims of patent No.842 lack clarity are ambiguous, convoluted and do not comply with the requirements of sections 34[5] and 34[6] of the IPA, the Requester's invention constitutes a method of doing business and is excluded from patent protection under section 21[3] of the IPA and to that extent exists unlawfully on the patent register.
30. The 1st Respondent prays for patent number 842 to be revoked and struck off the register; the infringement case be dismissed as lacking merits and for being frivolous and costs of these proceedings. In addition, the 1st Respondent filed a separate request for revocation of patent 842 under section 103[1] of the Act on 30/3/2022 on grounds that Dr. Peter Odero Akoun is not the bonafide owner and inventor of the subject matter covered by the offending patent and is not entitled to be registered as the owner; the application form IP 3 by the Requester at KIPI on 20TH December 2017 contained a material misrepresentation, which falsely and fraudulently claimed that the applicant is the inventor of the subject matter covered by the patent, the subject matter of the subject patent lacks novelty and inventive step, is obvious in view of the prior existence in the public domain of the subject matter covered by patent number KE 842, does not meet the criteria for patentability under the Act, the alleged invention constitutes a method of doing business and is strictly excluded from patent protection under section 21[3] b, the patent exists unlawfully on the register.
31. The first Respondent's request for revocation is accompanied by a statement of facts dated 30th March 2021. It sets out the grounds and the facts upon which revocation of patent 842 is sought and can be briefly stated; Safaricom PLC is a leading telecommunications company that owns multiple intellectual property registrations and or protection for its various technology-based telephone mobile applications for its products and services including M-pesa its most well-known and popular brand which is widely and extensively used money transfer and payment platform in Kenya for many years. It conceived and developed a method telephone mobile application system branded Fuliza M-pesa on its existing Mpesa money transfer and payment platform wherein the customer is allowed to overdraw the account to a pre-agreed limit.
32. In demand letters dated 17th March 2019 and 22nd June 2020 the requester claimed that the use and exploitation of Fuliza M-pesa constituted an infringement of patent no. KE 842, demanded the Respondent immediately cease and desists from using and commercially exploiting Fuliza Mpesa product and instead seek a license on such terms and royalties as may be agreed, demanded a share 40% share of profits from the use of its Fuliza Mpesa service. It stated that it has in its possession evidence that confirms that the offending patent lacks novelty and inventive step, does not meet the criteria for



patentability under the Act, is obvious in view of the prior art in existence and in the public domain on the priority date of patent 842 [12th April 2017] when an application for registration of a utility Model was filed. That application was converted to a patent application on 20/12/2017, examined, and a substantive examination report issued by KIPI rejecting the application for lack of novelty and inventive step.

33. The requester was notified of the rejection in a letter dated 13th June 2019. The amendments that the Requester made to the patent application in response to the official examination report date 13th June 2019, went beyond the disclosure in the description of the application was filed on 20th December, 2020 contrary to the requirements of Section 36[1] IPA, KIPI ought not to have granted a patent based on those amendments, the claims of patent 842 lack clarity are ambiguous and do not comply with the requirements of sections 34[5] and 34[6] of the IPA and the alleged invention is and constitutes a method for doing business and is strictly excluded from patent protection under section 21[3] b of the IPA and exists unlawfully in the Register of patents and should be revoked and expunged from the register under Section 103[1] of IPA.

Second Respondent's [NCBA's] Case

34. National Commercial Bank of Africa [NCBA] denies infringing on patent number 842, asserts that the subject patent is invalid and prays that it be revoked and the infringement action be dismissed with costs. In its reply/Counter statement dated 30th March 2021 it states that it is a public listed company incorporated in the Republic of Kenya, duly licensed as a commercial bank by CBK and carries on business as a bank pursuant to the [Banking Act](#) Cap 488 Laws of Kenya. In January 2019 the 1st Respondent launched the Fuliza–mpesa, overdraft service. Fuliza is an overdraft facility [short term credit] availed to Mpesa subscriber's Mpesa account enabling such subscriber to buy goods and services and pay bills, even if they have insufficient funds in the Mpesa account. On the other hand, Mpesa is a technical platform owned by Safaricom PLC and provides mobile-based money transfer, payment and financing services.
35. Fulizais comparable and similar to overdraft facilities provided by financial institutions in that it allows subscribers to transfer amounts exceeding the funds held in their Mpesaaccount in order to complete a particular transaction even when they have insufficient funds in their Mpesa account and allows the first respondent to automatically deduct the amount due from funds deposited or received into a user's M-pesa account until the overdraft is cleared. The second and third Respondent's facilitate the Fuliza service by financing the first respondent to enable it to offer overdrafts to its subscribers, interconnecting/interfacing certain components and modules of the 1st Respondent's MPESA system and 2nd Respondent's banking system enabling sharing of subscriber information for purposes of credit scoring to determine the subscriber drawdown limit, record keeping for purposes of tracking disbursements and following up defaulters, conducting anti-money laundering [AML] and know your customer [KYC],
36. NCBA further states that Fulizadoes not require or permit;
- a. an integration [complete synchronization of code database] of the 1st Respondent's Mobile Network system and its banking system
 - b. The 1st Respondent's subscribers to set up a virtual bank account of the 2ND respondent
 - c. Linking of the 1st Respondent's subscriber account to a virtual bank account with the 2nd Respondent,



- d. The transfer of a subscriber's virtual bank account from the 2nd Respondent to any other financial institution, through the use of a common bank agent without the subscriber's knowledge.
37. NCBA further contends that patent KE 842 does not qualify for protection as a patent, its claims do not disclose an invention in terms of s 21[3] b of the Act as they relate to a method of doing business particularly banking business using a mobile network system; further and in the alternative the amendment of the application for grant filed on 19th July 2019, in response to the substantive report dated 13th June 2019 went beyond the disclosure in the initial application contrary to s36[1] of the *Industrial Property Act*, the impugned patent does not fully describe and ascertain the invention and the manner in which it is to be performed contrary to section 34[5] of the Act; the patent is subject to invalidation under S 103 [3] F of the Act , the impugned patent does not disclose the best method of performing the invention and is subject to invalidation under section 103[3] g of the Act, it does not involve a inventive step contrary to section 24 of the Act regard being had to relevant prior art ,was obvious to a person skilled in the art on 12th April, 2017 and is subject to invalidation under S103[d] of the Act, the 2nd Respondent's role is that of a financier and has not applied the Respondent's invention in facilitating the Fuliza Service.
38. In response to the Requester's statement of facts the 2nd Respondent begins by denying the contents of paragraphs 5 and 6 of the statement of facts, stating that except for the disclosure in the application relating to the impugned patent it is unaware of the Requester's research alleged in para 7 in the statement of facts, clarifies that the publication of a patent application by the WIPO Bureau under the PCT system does not grant any patent rights, it is only a means to seek protection simultaneously for an invention in contracting states to the PCT.
39. It reiterates that the registration of the impugned patent was irregular and erroneous because; it is not an invention under section 21[3] b it being a method for doing business, it does not involve an inventive step, it was disclosed in or anticipated by prior art in existence before the effective date which provided for setting up and management of virtual bank accounts and the integration of services between banks and mobile service providers ;in addition to the international prior art cited by the Requester at par 12 to 16 of the statement of facts , other relevant prior art not mentioned by the requester include ; United States Patent Number xxxx [titled virtual Pooled Account for Mobile Banking with a priority date of 30th April 1999, which discloses a virtual pooled account used in operating a system having multiple financial partners and a mobile banking system.; other prior art in Kenya include M-kesho Service launched in 2010 as a collaboration between Equity Bank and 1st Respondent offering services such as savings accounts, account top up and insurance among others, with the platform allowing 1st Respondent's MPESA account to open virtual bank accounts set up on a server hosted and operated by Equity Bank Kenya ltd.; Kopa Chapaa a collaboration between Bharti Airtel International [Netherlands] BV Kenya Branch [airtel Kenya] and Faulu Micro Finance Bank ltd launched in May 2012 – enabled Airtel Customers to open virtual bank accounts for purposes of obtaining credit facilities through their mobile phones, M-shwari-service a virtual banking service launched in November 2012, offered through the 1st Respondent's M-pesa account and operated by the 2nd Respondent[then known as Commercial Bank of Africa – allows Mpesa subscribers to set up a virtual bank account, on the Mpesa platform through which they can operate savings and credit account thus enabling subscribers to save money and receive credit facilities through M-pesa wallet; Kcb M-pesa service launched in 2015 is also cited as evidence of relevant prior art ‘,
40. Further the 2nd Respondent contends that with the launch of the integrated population Registration System [IPRS] in 2015 financial institutions and telecommunication companies were allowed



to authenticate customer data with central IPRS data base and financial institutions and telecommunication Companies have been able to set up virtual accounts that are not operated by persons at the front office of either the banking institutions or the telecommunication companies.; that prior art cited in paragraph 20 and 21 ‘address the alleged draw back in the access to bank facilities as the bank systems are directly integrated with mobile network systems, the alleged invention is anticipated by prior art particularly Mshwari and KCB Mpesa services ,disclose the use of a mobile network and bank network to set up virtual accounts not operated by persons at the front office of the banking institutions, the method of accessing a virtual bank account described by the requester was already in use before the effective date by way of Mshwari and KCB Mpesa services and the other prior art ,the interface of banking systems and mobile network systems to support banking services without the requirement of opening a physical/conventional bank accounts has been in existence before the effective date, the 2nd Respondent interconnected its banking services with the 1st Respondent’s network in 2012 through the launch of M –Shwari service ,the use of the USSD in the GSM network to set up a virtual subscriber account to obtain financial services is not new ;the use of USSD to set up virtual subscriber accounts has been used by different banks and microfinance institutions in collaboration with mobile services providers since 2010, subscribers of the Fuliza service are made aware that the service is offered by the 1st Respondent in partnership with the 2nd and 3rd Respondents through the terms and conditions which they accept .

41. Further it is stated; Fuliza is not linked to any financial institution through a common bank agent, notification of account subscribers via email or short message service [SMS] by banks is part of the business method employed by banks and mobile service providers before the effective date, the use of a communications network to create virtual bank accounts and support banking services disclosed in claim 6 is not new ,was in use before the effective date specifically through 2nd Respondent’s M-shwari service launched in 2012,claims 7 and 8 of the impugned patent describe a method for doing business in the banking sector entailing collaboration with mobile service provider, has been in Kenya prior to the filing date and is regulated by the Central Bank of Kenya; its collaboration with the 1st and 3rd Respondents to enable the 1st Respondent to offer credit facilities to its subscribers does not infringe patent number 842, Fuliza does not operate in substantially the same way as the subject patent to be regarded as equivalent under the doctrine of equivalents. Ultimately the 2nd respondent prays that the request under section 106 be dismissed with costs and patent number 842 be revoked pursuant to sections 103[3] d, 103[3] f and 103[3] g of the [Industrial Property Act](#) and Rule 20[8] of the Industrial Property Tribunal Rules 2002.
42. NCBA filed a separate request for revocation dated 31st March 2021 under section 103 of the Act on grounds that mimic those already set out in the reply and counterstatement.

The 3rd Respondents case

43. KCB’s answer to the infringement request set out in its Reply/Counterstatement dated 31st March, 2021 is as follows; Fuliza M-pesa does not infringe patent no. 842 in the manner alleged by the applicant or at all, the applicant has not demonstrated any infringement by the 3rd Respondent or at all of the patent or the specific claims 1, 2, 3, 4, 5, 6, 7, 8, 12, 13, and 14 of the patent, the grounds relied on to prove infringement lack merits, are based on misrepresentation or misunderstanding of how the Fuliza Mpesa product operates , the Fuliza –Mpesa product does not constitute integration of the mobile network system of the 1st Respondent with the banking system of the 2nd and 3rd Respondents, there is only limited sharing of limited information between the 1st Respondent and the 2nd and 3rd Respondents; Fuliza Mpesa Product is based on existing Mpesa accounts of the 1st Respondent’s subscribers and not any virtual or physical bank account ; does not require ,involve ,include or even



permit the opening or permit the opening or operation of any bank account –physical or virtual; the subscribers of the product/service are subscribers of the 1st Respondent’s Mpesa service and not the 2nd or 3rd Respondent’s customers, a subscriber of the 1st Respondent’s Mpesa need not to have a bank account with either the 2nd or 3rd Respondent to enjoy Fuliza–mpesa, product/service, even where they have such bank accounts ,the accounts are not connected to their eligibility or enjoyment of the Fuliza Mpesa product; Fuliza Mpesa does not provide a transferable bank account-there is no banker–customer relationship between the 2nd or 3rd Respondent and Fuliza Mpesa subscribers, the subscribers are the first Respondents customers and are not transferable to the 2nd and 3rd Respondents

44. Fuliza Mpesa operates in the same way as Mpesa, the only difference is that the Fuliza Mpesa product allows subscribers to overdraw their M-pesa accounts and use the funds in the same way they use funds in their Mpesa accounts; the applicant has misrepresented the role of 3rd Respondent in Fuliza Mpesa product in an attempt to fit the facts into the case of the unfounded allegations of infringement; the third respondent’s role is facilitative of the Fuliza Mpesa product by funding the 1st Respondent, to enable it to offer the Fuliza product which is an overdraft based on the 1st Respondent’s M-pesa service; the Requester applicant has not demonstrated how the specific role of the 3rd Respondent in the Fuliza Mpesa product amounts to infringement of the patent or any of the claims 1, 2, 3, 4, 5, 6, 7, 8, 12, 13 and 14 of the Patent.
45. Lastly, the 3rd Respondent pleads in the alternative and pursuant to section 103 of the *Industrial Property Act* that the patent is invalid and ought to be revoked for reasons that;
 - a. the claims in the patent do not qualify for patent protection as they are schemes, rules or methods for doing business which are not to be regarded as inventions pursuant to section 21 [3] b of the *Industrial Property Act*;
 - b. the invention is obvious as it involves no inventive step having regard to what was common knowledge in the art at the effective date of the application.
46. In addition to this plea for revocation in the reply/counterstatement, the 3rd Respondent supports the 1st and 2nd Respondent’s separate requests for Revocation.
47. The Requester filed a Reply counterstatement dated 13th May 2021 in which it opposes the revocation requests by the 1st and 2nd Respondent on grounds that; he is the bonafide and legal owner and inventor of the subject matter covered in patent KE 842, there was no material misrepresentation, falsehood and fraud in the issuance process of the patent, the invention passes the criteria of novelty, inventive step and industrial applicability, the invention is protected under IPC classes GO6Q 2016 [2012.01] GO6Q 20/36[2012.01, G06F 21/64, [2013,01] and CPC classes G 06f 21/645, G06q 20/02. G06q 2220/00, cannot be equated to methods of doing business, the patent is a payment system effected through a telecommunication network and using electronic wallets or electronic money safes, the Tribunal has no jurisdiction to revoke or invalidate any patent on grounds that it constitutes a method or scheme of doing business, the patent is fully supported by the description of the filed application, the patent was regularly granted, the amendments were not irregular and was effected in accordance with the unity of inventions, Tribunal has no jurisdiction to revoke a patent on the ground of irregular amendment, the patent granted is not limited to overdraft facilities such as Fuliza Mpesa, Respondents should have filed an application under Section 108 if genuinely aggrieved. Ultimately, he prays that the requests by the Respondents under section 103 [1] Of IPA be dismissed with costs.



Evidence

48. The parties filed statutory declarations and written submissions in which their respective positions on both the alleged infringement and invalidity of patent KE 842 are reiterated and amplified. The Requester relies on his statutory declaration dated 13th March 2021, supplementary declaration dated 17th August 2021, statutory declaration of Dr. Rutenberg dated 24th August 2021, the various documents attached thereto and the oral evidence tendered at the trial. The Requester filed written submissions dated 21st March, 2021 a list and bundle of authorities dated 22nd March 2021, and supplementary submissions dated 12th April, 2022.

The 1st Respondent relies on the statutory declaration sworn by Isaac Njoroge Kibere on 1st July 2021, the documents attached thereto as well as the oral evidence tendered at trial together with written submissions dated 6th April, 2022. The 2nd Respondent relies on a statutory declaration dated 30th June 2021 sworn by Brian Odera, the documents attached thereto, the oral evidence tendered at the trial and the written submissions dated 6th April, 2022.

The 3rd Respondent relies on the statutory declaration by Thomas Kimanzi dated 15th September, 2021, the oral evidence adduced at the trial and adopts the declarations made by Isaac Njoroge Kibere and Brian Odera together with its written submissions dated 7th April 2022.

Issues For Determination

49. The parties have framed separate issues in their respective submissions. The requester reckons that there are two legal issues arising for a determination as captured at par. 89 in the Requester's written submissions namely;

- a. Whether the Requestor's claim of infringement patent KE 842 against the Respondents is merited and
- b. Whether the 1st and 2nd Respondent's revocation action is merited?

50. The 1st Respondent on its part has isolated two sets of issues covering the infringement and the revocation requests respectively at par. 3 in its submissions as follows;

- 3.1.1 Has the Requestor specified the features in the 1st Respondent's Fuliza Mpesa product that he claims to infringe the feature he claims to infringe the features of his patent No. KE 842,
- 3.1.2 What is the threshold to be met in a patent infringement action by a claimant in order to succeed?
- 3.1.3 Is Fuliza –mpesaaccount a virtual bank account as described in patent KE xxx;
- 3.1.4 Is the 1st Respondent a bank agent as described in patent No. KE xxx;
- 3.1.5 Has the Requester furnished credible evidence to prove the alleged infringement?
- 3.1.6 Has the 1st Respondent adduced credible evidence to prove that it is a prior user of the subject matter of Fuliza M-pesa Product?

On Revocation

- 3.2.1 Is the subject matter of patent No. KE 842 a scheme, rule or method of doing business?
- 3.2.2 Does the subject matter No. KE 842 meet the requirements of novelty and inventive step?



- 3.2.3 Does patent No. KE xxx meet the requirements of Sections 34(5) IPA (on enabling disclosure) and 34(6) of IPA (on claims being fully supported by the description)?
- 3.2.4 Do the amendments to the description and claims made on 24th July 2019 by the requester go beyond the disclosure in the original application as filed?
- 3.2.5 does IP Tribunal have powers to revoke patent No. KE xxx for non-compliance with substantive requirements of Sections 34(5) and 36 (1) of IPA?
- 3.2.6 Is the priority date 12th April 2017 claimed by patent No. KE xxx valid? If not what is the consequences of its validity?
- 3.2.7 Is the exercise of a remedy under Section 108(1) of IPA a pre-condition of filing a revocation action under section 103(1) of IPA?
49. The 2nd Respondent has listed 7 issues at paragraph 10 in its submissions. These are;
- i. Whether the Requester has established a clear case of infringement of the patent;
 - ii. whether the balance of convenience tilts in favour of denying the Requester an injunction;
 - iii. whether the patent lacks an inventive step contrary to section 24 of the IPA;
 - iv. whether the patent fails to fully describe and ascertain the alleged invention and the manner in which it is to be performed,
 - v. Whether the patent is excluded from patent protection under Section 21[1] b of the IPA,
 - vi. whether the patent was erroneously granted following an irregular amendment to claims 1 and 12 contrary to section 36[1] of the IPA
51. Though this case raises a multiplicity of issues as variously captured by the parties but there are two broad issues that fall for determination namely;
- a. whether the Requester's Patent Number KExxx has been infringed by the Respondents through the use of the Fuliza Mpesaproduct or service as alleged by the Requester and;
 - b. Whether the registration of Patent Number xxx is invalid and should be revoked and expunged from the register of patents on the various grounds set out by the Respondents.

Whether The Respondents Have Infringed Patent K842 By Offering Fuliza Mpesa Product?

52. Infringement of a patent is a mixed question of law and fact. What constitutes an infringement of a patent is defined under section 105 of the *Industrial Property Act* as the performance by a person other than the registered owner and without the owner's authorization of any of the acts specified in section 54 [as exclusively reserved to the registered owner] in relation to the product or a process falling within the scope of a validly granted patent.
53. The prohibited acts under section 54 are those acts the performance of which without the registered owner's permission; would breach the monopoly of the patent holder. They include the making, using selling or offering for sale or importing of the patented product or a product produced using the protected process for commercial purposes by a third party without the patentee's authorization. This broad framing is of course subject to the provisions of sections 21[3] e, 58, 61[6], 72, 73 and 80[C].



54. The scope of a validly granted patent is defined by the claim or claims of the granted patent. In this regard Section 34[6] of the Act expressly provides that;

‘The claim or claims shall define the matter for which protection is sought and shall be clear and concise and fully supported by the description.’

The claims are important in determining patent infringement and revocation cases. For it is against the granted claims that define the exclusive rights and set the limits of the monopoly protected by the patent that the acts of the alleged infringer and the features of the accused product or process are to be judged in order to establish whether or not he has gone beyond permitted territory and trespassed onto forbidden terrain.

Similarly, the granted claims are to be judged against relevant prior art to determine novelty[S23] and inventive step [S22] and to be considered in determining other essential questions governing patentability such as whether what is claimed is an invention within the contemplation of section 21[1] of the Act, hence a proper subject matter for protection under patent and is not excluded from patent protection under section 21[3] of the Act.

55. In paragraph 48 in the request dated 17th December, 2021 the Requester alleges that the Respondent’s Fuliza –mpesa product infringes on the claims 1, 2, 3, 4, 5, 6, 7, 8, 12, 13 and 14 of the applicant’s patented Mobile Virtual bank account Management. The Requester has captured those claims albeit in a paraphrased way and endeavored to show how the Fuliza Mpesa service has infringed each of them at paragraphs 49 to 68 in the statement of facts. The actual granted claims are at pages 9, 10 and 11 in the patent specification document [27 to 28 in the Requester’s statutory declaration see also pages 141 to 151 in Exh INK1 in the statutory declaration by Isaac Njoroge kibere on behalf of the 1st Respondent.
56. The crux of the Requester’s infringement case is that the Fuliza Mpesaoverdraft service launched by the 1st Respondent in partnership with the 2nd and 3rd Respondent on 7th January 2021, directly applies his invention. He asserts that his patented invention is the only system that provides for the interface between the bank and the 1st Respondent and is what allows the operation of the Fuliza Mpesa product. That claim cannot possibly be right because there is evidence of the use of mobile money transfer systems used by financial institutions in Kenya and elsewhere before 12th April 2017 the priority date of Patent Kxxx. The use of the interface between a banking/financial institution and a cellular/Mobile Telecommunication provider is evident in M-kesho [launched in Kenya in March 2010 by Safaricom and Equity Bank see BO 9], Mshwari [Safaricom and CBA November 2015]BO 11, and KCB Mpesa service [KCB/Safaricom March 2015] BO 12 and KOPA Chapaa service [BO10].
57. He complains that the Fuliza Mpesaproduct rides on his patent without his authority or license thereby infringing on his patent. He adds that the setup of the Respondent’s infrastructure with respect to Fuliza Mpesamirrors his setup in patent number KE xxx.
58. The Respondents deny this. They counter that the Fuliza Mpesaoverdraft service rides on the 1st Respondent’s existing M-pesa infrastructure and all that the 2nd and 3rd Respondent have done is to partner with the 1st Respondent by availing funds for use by the 1st Respondent’s customers/subscribers. The role of the 2nd and 3rd Respondents is to fund the 1st Respondent who in turn extends credit by way of overdraft from its prefunded account to its Mpesa subscribers over its existing infrastructure platform, allowing such customers to continue using the Mpesa facility even when the customer has exhausted own funds in the Mpesa account. They contend that the features of Fuliza Mpesa are different from those of the patented invention and do not infringe any of the claims of patent xxx. They add that the Requester’s claimed invention is not valid as it was not new as at the filing and priority dates, it was disclosed and anticipated by prior art in Kenya and internationally. Further



that the claimed invention constitutes a method for doing banking business a subject matter expressly excluded from being regarded as an invention for patent protection under Section 21[3]b of the Act, the registration was erroneous and should be expunged from the register.

59. To prove infringement the Requester is bound to prove that the technical features in the Fuliza Mpesaproduct offered by the 1st Respondent in partnership with the 2nd and 3rd Respondents are the same or [equivalents] operating in substantially the same as those claimed in the subject patent and also that the subject patent was validly granted.
60. According to the Requester granted claims 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 have been infringed by Fuliza Mpesa whose mode of operating is alleged to be similar to the filed patent [see par. 37] . By way of illustration, he cites paragraph 255 in the detailed description which states
- “ that the present invention relies on both banking concepts and mobile network service concepts, in which the network services are used to support banking transactions, where the customer does not have to open the conventional bank account.”

61. It is trite that to prove infringement the owner of the patent must demonstrate by credible and probable evidence that the alleged infringer has used all the essential features/integers of the patented invention as claimed and granted barring which the infringement claim would fail. See Azuko PTY ltd V Old Digger PTY ltd [2001] FCA 1079 where it was stated as follows;

“Infringement requires that all integers of the claim be taken with the exception of the substitution of a mechanical equivalent of an inessential integer. Populin V Hb V HbNominees [1982] 41 ALR 471 held that

The patentee must show that the defendant has taken each and every one of the essential integers of the patentee’s claim. Therefore if, on its construction, the claim in a patent claims a particular combination of integers and the alleged infringer of it omits one of them he will escape liability.

The invention must be defined with precision and with clarity in the claims. The application of this principle of the functional equivalent] is limited to two situations:

Where the alleged infringing article possesses a mechanical equivalent of an inessential integer or

Whereupon a too literal construction of an integer of a claim, the alleged infringing device would escape infringement.

In both these situations, it is necessary to determine first whether or not the alleged infringing article possesses each and every integer of the claim. In considering the first question of the mechanical equivalent of an essential integer, an assessment is made of the essentiality of the integers taken or omitted by the alleged infringing device. But this is a very narrow class of cases. Infringement was not demonstrated merely by showing the performance of substantially similar functions by the apparatus’

62. In the instant case the Tribunal has to first interpret the granted claims alleged to be infringed by Fuliza Mpesaascertain the essential features/integers and judge Fuliza Mpesaagainst those granted and construed claims with a view of finding out whether the Respondents have taken all the essential integers of patent K842.
63. The claims of patent K842 are in the patent specification document while the features of how the Fuliza Mpesa operates are in the User Requirement specification document- Mpesa Overdrawand the Fuliza Key Facts Document



Claim 1

1. A method of providing control of transactions through block-chain for a prospective subscriber to a virtual bank account in an approved banking institution, the method comprising the steps of: Establishing a subscriber account, the settings of the subscriber account being stored in a database; linking the subscriber account such that control settings of the subscriber are determined through a transactions processor device and linking the subscriber account to the virtual bank account via a communications network.

Key integers of - method –control of transactions through block chain- transactions by- a prospective subscriber to a virtual bank account in an approved banking institution-settings of subscriber account stored in database – settings determined through a transactions processor device–that device links subscriber account to the virtual bank account-via a communication network.

Mobile Virtual Bank Account Management

Illustrative diagram figure 1



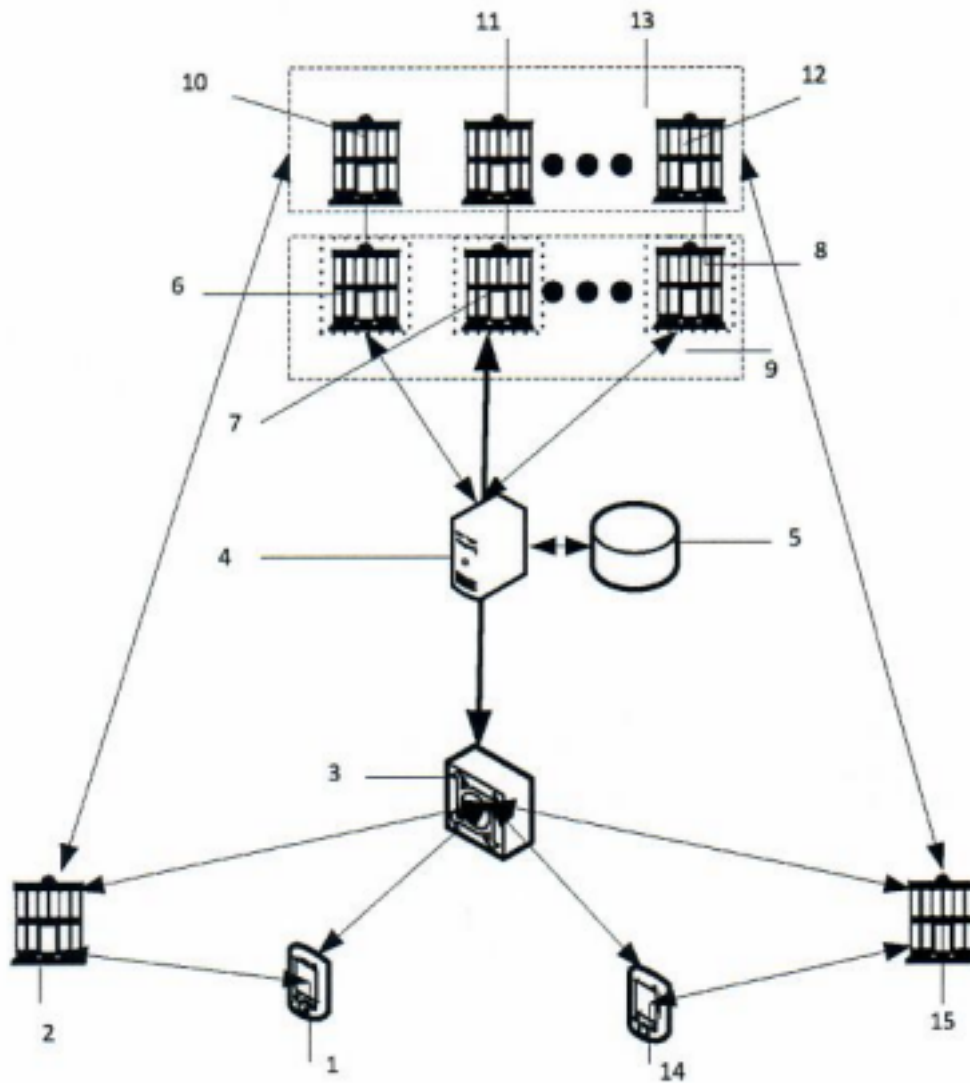
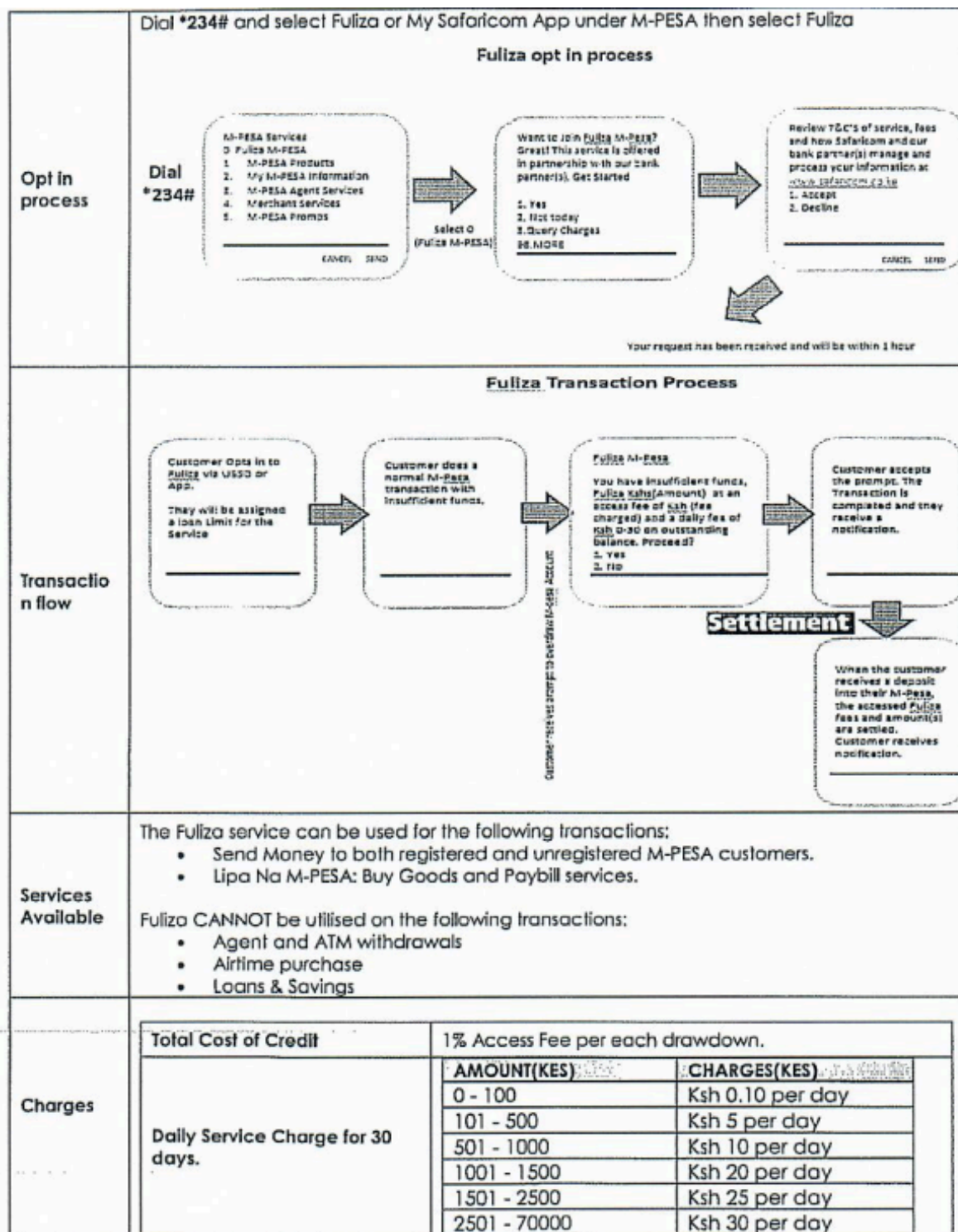


Fig. 1



The Fuliza Mpesa Opt In Process



64. We have compared claimed features of the Requester's Virtual Bank Account Management and illustrated in figure 1 against those of Fuliza Mpesa together with the Fuliza opt-in process at page 269 in the Requester's Exhibit Poa8 and we notice marked differences. To start with while the prospective subscriber in the subject patent subscribes to a virtual bank account in a real banking institution a prospective subscriber to Fuliza Mpesa service must be an Mpesa Subscriber and subscribes to



the Fuliza Mpesaservice within Safaricom Plc Mpesa Platform. It is common ground that Fuliza Mpesa operates on the Mpesa platform [STK] tool kit and the Safaricom app. The only difference with the Mpesaservice is that in the Fuliza Na Mpesa case one is able to carry out pre-determined transactions, namely, send money to both registered and unregistered MPESA customers, lipa na Mpesa; buy goods and pay bill services after exhausting the funds held in the Mpesa account. Critically Fuliza cannot be used for agent and ATM withdrawals, airtime purchases and loans and savings.

65. From the evidence in EXH POA 8 we are satisfied that Fuliza Mpesa does not have the feature of a prospective subscriber to a virtual account in either the 1st or the 2nd Respondents. We are also satisfied that the 1st Respondent is not a banking agent or a common banking agent for the 2nd and 3rd Respondents but is a partner of the two banks in the Fuliza Mpesa with the banks providing funding and other support services while Safaricom PLC offers its Mpesa platform the technical infrastructure on which the service is offered. For purposes of the Banking Act, a banking agent would be an entity contracted by an institution and approved by the Central Bank to provide the services of the institutions on behalf of the financial institution in such manner as may be prescribed by the Central Bank. Agency banking was introduced by the banks to enable them reach out to customers in areas where they do not have branches. This is not the case in the relationship between Safaricom, NCBA and KCB in the instant case.
66. There is also no presence of a virtual bank operating as an intermediary between Safaricom PLC, the subscribers and the real banks as contemplated in the Requester's claims and the diagrammatic illustration of the working of his invention in figure 1. There are no transferable virtual bank accounts by one subscriber to another.
67. The fact that Fuliza Mpesa combines the use of mobile telecommunication networks with banking concepts just like the claimed invention would not in itself amount to infringement nor would similarity in the description of the way they operate or the presence of a hand gadget, transactions processor, network provider or bank /network interface or the description of the steps of subscribing to the service or storage of data and use of unique code or USSD or GPS. These features were not invented by the requester. They were already in use by the respondents before the filing date in such products like Mshwari, Mkesho and KCB Mpesa.
68. In our considered view the Requester cannot validly claim exclusive use to the hand gadget, network provider and transactions processor or the method of establishing a subscriber account, the use of virtual accounts or real banks. The requester has not proved that the technical infrastructure on which Fuliza Mpesa operates is different from that on which the 1st Respondent's Mpesa service operates. In deed, the Requester has not claimed any technical features of his invention in his patent specifications and all that he has done is to describe the method of controlling transactions of a subscriber to a virtual account in a real bank using mobile telecommunication. Furthermore, the Requester's contention that the 2nd and 3rd Respondents can be equated to the feature of virtual bank in his invention because the two banks are not known to the Fuliza Mpesa subscriber is mistaken because the conditions of use to the service clearly disclose the 1st and 2nd Respondents as partners with the 1st Respondent in offering the service.
69. In view of this we come to the conclusion that the Fuliza Mpesa does not infringe Patent KE xxx because the Respondents have not taken the essential integers of the Requester's invention.
 1. It is unnecessary to give a detailed analysis of how each of the remaining claims is not individually infringed by the Respondents offering the Fuliza Mpesa Product. We have nevertheless reproduced them here below to found the context for the revocation actions.



2. The method of providing control of transactions through block-chain for a prospective subscriber to a virtual bank account according to claim 1, wherein the control settings include a list of the approved banking institution where transactions can be made from the subscriber account; step of establishing the subscriber account further includes assigning a unique identifier for the subscriber a mother banking institution; the linking of the subscriber account to the virtual bank account further includes notifying a subscriber associated with the account, and notifying a subscriber associated with the subscriber account is performed via e-mail or short message service; the subscriber account is supported by a communications network.
3. The method of providing control of transactions through block-chain for a prospective subscriber to a virtual bank account according to claim 1, wherein the transactions refer to: transferring value from one subscriber account to another subscriber account or real bank account; depositing fiat money crypto-currency or value to a subscriber account; withdrawing value from a subscriber account;
4. The method of providing control of transactions through block-chain for a prospective subscriber to a virtual bank account according to claim 3, wherein transferring value means transferring an amount of electronic fiat money, an amount of crypto-currency, a number of deposits, an amount of loan, a number of bills, an amount of interest earned or a number of dividends earned
5. The method of claim 3, wherein transferring value consists of initiating a request for a value to transfer from a sender's subscriber account; debiting the value from a subscriber account of the sender if sufficient, and crediting the number of funds in a subscriber account of the recipient; where both the sender and the recipient account holders have registered account holders for virtual bank accounts; and where the transferring value process is repeated in their respective virtual bank accounts.
6. The method of claim 3, wherein depositing fiat money, crypto-currency or value to a subscriber account consists of; initiating a request for a value to transfer from a subscriber account to a virtual agent's bank account; and crediting the value into a subscriber account; debiting the value in a virtual agent's bank account; and crediting the value in a virtual bank account of the subscriber in a banking institution, wherein the subscriber account holder performs the deposit transition at an ATM, or at any bank agent.
7. The method of claim 3, wherein withdrawing value to a subscriber account consist of; initiating a request for a value to transfer to a virtual agent's bank account from a subscriber account; debiting the value into a subscriber account; crediting the value in a virtual agent's bank account; and debiting the value in a virtual bank account of the subscriber in a banking institution, wherein the subscriber account holder performs the withdrawal transaction at an ATM, or at any bank agent;
8. A system providing control of transactions through block-chain for a prospective subscriber to a virtual bank account comprising; a transactions processor device; a transactions processor program with instructions and a module to execute the program, a subscriber network module and a database hosted on the transactions processor storing information for a subscriber account; wherein the transactions processor device communicates with a list of approved banking institutions.
9. The system providing control of transactions through block-chain for a prospective subscriber to a virtual bank account according to claim 8, wherein the transactions processor device allows



any virtual bank agent to transact with any subscriber account through the subscriber network module.

10. A system providing control of transactions through block-chain for a prospective subscriber to a communications network account comprising; a transactions processor device; a transactions processor program with instructions and a module to execute the program a subscriber network module and a database hosted on the transactions processor storing information for a subscriber account; the transactions processor device communicates with a list of approved network services through the program and stores each communication information in the database; the list of approved network services comprises internet data service, short message service, loyalty reward points service and voice service.
11. The system provides control of transactions through block-chain for a prospective subscriber to a communications network account according to claim 10, wherein the transactions processor device allows transaction of converting electronic money into airtime value and the airtime value back to electronic money as requested by a subscriber.
12. The system provides control of transactions through block-chain for a prospective subscriber to a communications network account according to claim 10, wherein the transactions processor device allows transaction of converting airtime value into approved network services and the approved network services back to airtime value as requested by a subscriber.
13. The system provides control of transactions through block-chain for a prospective subscriber to a communications network account according to claim 12, wherein the transactions processor device deducts a transaction fee for reverse conversion of approved services into airtime or airtime into electronic money.
14. A system providing control of transaction through block-chain for a prospective subscriber in an exchange point comprising; an exchange processor device; an exchange processor program with instructions and a module to execute the program; a subscriber network module and a database hosted on the exchange processor storing information for a subscriber account; the exchange processor device communicates with a list of approved network products through the program and stores each communication in the database.
15. The system providing control of transactions through block-chain for a prospective subscriber in an exchange point account according to claim 14, wherein the list of approved network products comprises the purchase of airtime value in exchange of electronic money and sale of airtime value in exchange of electronic money.
16. The system providing control of transactions through block-chain for a prospective subscriber in an exchange point account according to claim 15, wherein the exchange processor device allows the transfer of electronic money to a subscriber account after receiving airtime value from the subscriber account, at a set buying price.
17. The system provides control of transactions through block-chain for a prospective subscriber in an exchange point account according to claim 15, wherein the exchange processor device allows transfer of airtime value to a subscriber account after receiving electronic money from the subscriber account, at a set selling price.

Whether Patent K842 Should Be Revoked

70. Revocation has been sought on five grounds namely: the invention is a method for doing business which is expressly excluded from patent protection under Section 21[3] b of the Act, lack of novelty,



lack of inventive step, registration was secured through misrepresentation, the amendments of the claims went beyond the initial disclosure and the claims lack clarity are convoluted, imprecise and the description of the way to work the invention is insufficient.

71. Both the Requester and the Respondents agree that methods for doing business are not patentable but differ on two fronts. The first is whether the Tribunal has jurisdiction to revoke a patent grant in respect of excluded subject matter and the second is whether the invention disclosed in patent KE842 constitutes a method for doing business specifically banking business. On the question of jurisdiction, the Requester contends that the Tribunal lacks jurisdiction to invalidate a grant of patent in respect of excluded subject matter because it is not expressly stated as a ground for revocation under section 103[3] of the Act but in our view the ground is covered by necessary implication under S103[3] [C] which reads;

The Tribunal shall revoke or invalidate the registration of the patent or the Utility Model or Industrial design on any of the following grounds;

- a. -----
- b. -----
- c. that the invention does not relate to an art [whether producing physical effect or not] or process, use, machine, manufacture or composition of matter which is capable of being applied in trade or industry'

That provision speaks to patentable subject matter defined under PART III of the Act, which must first and foremost be an invention – a solution to a specific problem in the field of technology [S21[1], and subject to subsection [3] may either be a product or a process[S21[2]].

Section 21[3] of the Act enumerates certain matters that are not to be regarded as inventions and which are to be excluded from patent protection. Of interest in the present proceedings is S 21[3] b, which relates to schemes, rules or methods for doing business, performing purely mental acts or playing games.

72. As what is the patentable subject matter is clearly defined in the Act we do not see that the Tribunal would lack jurisdiction to revoke a patent grant in respect of schemes for doing business or any of the other matters expressly excluded from patent protection under the Act, merely because Section 103 [3] of the Act does not expressly state it as a ground of revocation. For if what is protected in a patent grant is not an invention as contemplated in the Act the Tribunal does not see any legal or policy justification for such a grant to remain in the register as it would have been granted contrary to an express prohibition of the law. It would be absurd to interpret section 103[3] of the Act as denying the Tribunal jurisdiction from invalidating a patent grant made in respect of a matter that is not to be regarded as an invention under the Act and which is expressly excluded from protection under patents. The Tribunal finds and holds that it has jurisdiction to revoke a patent grant made in respect of a matter excluded from patent protection under s 21[3] of the Act on a purposive interpretation of section 103 [3] c.

73. On the second question we have considered the claims of the patent Kxxx and note that there are no technical features claimed or disclosed in the patent specification document. All the claims relate to a method and a system of doing banking business virtually using an interface between financial banking institutions and a mobile telecommunication network provider. That interface is done through computer programming that then creates a linkage between the systems of the Mobile telecommunication provider and the systems of the financial institution. It is noteworthy that the genesis of these proceedings is the complaint by the Requester that the Respondents have infringed



patent KExxx by launching the Fuliza Mpesaproduct which offers 1st Respondent's Mpesa subscribers overdraft facilities that enable them to continue transacting even when they have insufficient funds or exhausted the funds in the MPESA account. The Tribunal is satisfied that the claimed invention falls within excluded subject matter for patent protection under section 21[3] b of the Act and its registration is revoked. The Requester's argument that the subject patent is protected under certain categories of the International Patent Classification [IPC] is mistaken and does not hold because the IPC does not offer or secure patent protection. As this Tribunal noted in IPT Appeal NO. 21/2018 John Kamonjo Mwaura V Kenya Industrial Property Institute & Ano. At page 31 the IPC is basically a "means of obtaining internationally of patent documents whose primary purpose is the establishment of an effective search tool for retrieval of patent documents by intellectual property offices and other users in order to establish the novelty and evaluate the inventive step or non-obviousness of the technical disclosure in patent classifications". The fact that the patent office evaluated the patent application for patentability before registration would not of itself convert excluded subject matter into a patentable subject matter.

Lack Of Novelty And Inventive Step

74. The prior art cited by the 2nd Respondent as either disclosing or anticipating patent K842 follows;
- a. US Patent number xxxx an invention titled 'Virtual Pooled Account for Mobile Banking with a priority date of 30th April 1999-disclosing a virtual pooled account for mobile banking EXH. [BO7]. This invention discloses a virtual pooled account used in operating a system having multiple financial partners from which customers can access various bank services. Just like in the instant case the invention combines banking concepts with mobile money transfer systems. According to the summary of the invention, the system is a mobile banking system, which does not maintain separate general ledgers for each financial institution but maintains one general virtual pooled account. Other than sharing the feature of a virtual pooled account with patent KExxx the US PATENT shares the feature of an interface between the banks and the mobile service provider and creation of a profile database with account holder details and processing of financial transactions for users in a third subgroup not associated with the system or the banking institutions.
 - b. EU Patent xxxx titled Mobile Account Management with a filing date of 11-08-2006 EXH[BO8]. This invention anticipates patent KE xxx. To start with it relates to Mobile Account Management and sets out to solve the same problem of limited access to banking services offered by conventional banks using a cellular network. Just like patent KE xxx the patent specification document EP 1 922 681 BI cites Celpay of Zambia, Globe G-Cash and Smart Money in the Philippines, and the Western Union as prior art in the same sequence. Additionally, it uses a mobile phone, a transactions processor, a transactions data store interface coupled to the transaction processor through which transaction communicates with a data store, virtual accounts, microfinance institutions linked to the mobile device via an interface, the MFI are able to disburse loans to clients who in turn repay at pre-agreed interest rates.
 - c. Mkesho service was launched in 2010 by Equity Bank in collaboration with Safaricom Plc. EXH [BO 9]. is a publication of Fai- Financial Access Initiative dated 16/7/2015 it is titled M-keshoin Kenya; A new Step for M-pesaand Mobile Banking. The publication describes Mkeshoas a package that runs on the Mpesarails, the core product being a savings account but account holders can also tap into loan and insurance facilities.
 - d. Kopa ChapaaService was launched in 2012 by Airtel Kenya and Faulu [EXH.BO 10] aimed at advancing loan facilities via mobile phones,



- e. Mshwariservice [exh BO 11] a collaboration between SafaricomPLC and CBA] launched in 2013,
 - f. KCB Mpesaservice [EX BO12]. According to the publication KCB and Safaricom partnered to launch KCB –M-pesaaccount on 10th March 2015 as a new mobile banking product that enabled customers to get loans using their mobile phones payable over a period of 1 to 6 months but also instant loans on request. The product was billed to play a crucial role in deepening crucial inclusion in Kenya. To access the service, one dials *844#.
75. Having evaluated the prior art we are satisfied that they are relevant and clearly disclose and anticipate patent KE xxx on the priority date and the claimed invention was not new or novel on the claimed priority date. Under section 23[1] an invention is new if it is not anticipated by the prior art. Prior art for purposes of the Act is everything made available to the public anywhere in the world by means of written disclosure [including drawings and other illustrations] or by oral disclosure, use exhibition, or other non-written means. The Tribunal finds and holds that patent KExxx is disclosed in and anticipated by the prior set out in the preceding paragraph. The subscription to a virtual account in a banking institution is not new, neither is pooling of funds into a virtual account by two or more banks, or the offering of overdraft/short-term credit facility through a cellular network, or the use of an interface between a banking institution and a mobile service provider. The claimed invention does not disclose any inventive step. The Requester is not the inventor of the claimed method or system and the registration of patent KE 842 was secured through a misrepresentation that it was new when in fact it was not.
76. These findings are sufficient to invalidate patent KE 842 and it is not necessary for us to consider in great detail whether the amendments made by the Requester to the claims went beyond the claims as originally filed contrary to section 36[1] of the Act and if this would be additional basis for revocation of a patent grant. Suffice to say that section 36[1] of the Act is emphatic that the amendment to patent application shall not go beyond the disclosure in the initial application and patent examiners are expected to ensure that this is strictly adhered to and in the event of non -adherence this would form a good basis for rejecting the application. Equally, it is expected that the amended claims just like the initial claims would be subjected to substantive examination and report in fidelity to the substantive law governing patent grants in order to ensure that only new inventions are granted protection of the law. This would in turn avoid situations where applications for invalidity are subsequently mounted either on the basis of lack of novelty or subject matter exclusion both of which can be detected through examination of the amended claims.
77. In the end and for the reasons set out in this judgment the Tribunal makes the following orders;
- a. The Requester's infringement action against the Respondents fails and is hereby dismissed with costs
 - b. The 1st and 2nd Respondent's request for revocation of patent KE 842 is allowed with costs.

READ AND DELIVERED VIRTUALLY ON THE 31ST DAY OF AUGUST, 2022.

Signed:

Brown Kairaria - Chairman

Pauline Muhanda - Member

Dr. Frasia Wangari - Member

