

Commissioner's Decision #1277
Décision du Commissaire #1277

TOPICS: O00, J10
SUJETS: O00, J10

Application No : 2,220,378
Demande no : 2,220,378

COMMISSIONER'S DECISION SUMMARY

C.D. 1277

App'n No. 2,220,378

The application relates to an apparatus and method for generating billing data in a telecommunications system. For each predetermined billing period a shared usage of an original magnitude is allocated to a group of telecommunication subscribers. In this manner, the members of the group may share the allocation, reducing the likelihood of wasted remaining allocated usage (e.g. minutes). The shared usage allocation is reduced in dependence upon the particular group subscription type held (e.g. applicable rate/min for shared bundle of minutes). All of the claims were rejected by the Examiner as being obvious, and not compliant with

Section 2 of the *Patent Act* for not amounting to a contribution or addition to the cumulative wisdom of the art. The Board found that the invention claimed was not obvious and that the rejection under Section 2 could not be upheld. The Board accordingly recommended that the Examiner's rejections be reversed.

The Commissioner agreed with the Board's recommendations and the application was returned to the examiner for further prosecution.

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,220,378 having been rejected under Subsection 30(4) of the Patent Rules, the Applicant asked that the Final Action of the Examiner be reviewed. The rejection has been considered by the Patent Appeal Board and by the Commissioner of Patents. The findings of the Board and the decision of the Commissioner are as follows:

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INTRODUCTION

[1] This decision deals with a request that the Commissioner of Patents review the Examiner's Final Action on patent application no. 2,220,378 entitled "METHOD AND APPARATUS FOR GENERATING BILLING DATA IN A TELECOMMUNICATION SYSTEM". The Applicant is ORANGE PERSONAL COMMUNICATIONS SERVICES LTD. The inventors are Christopher Plush, Shelaine Green, David Roat, Michael Ferguson, and Brian Carr.

[2] The invention relates to apparatuses and methods of generating billing data for subscribers in a telecommunications system. In such a system, a subscriber uses a telecommunication service to initiate a voice call, a fax, a text message, etc., and a call detail record is produced in the telecommunications network, which is then sent to a billing centre. Depending on the type of service, type of subscription, duration, etc., a charge is attached to the service, for which the user would then be billed at the end of the billing period (e.g. monthly). Figure 4 of the application illustrates one embodiment of a method of allocating a charge to a phonecall.

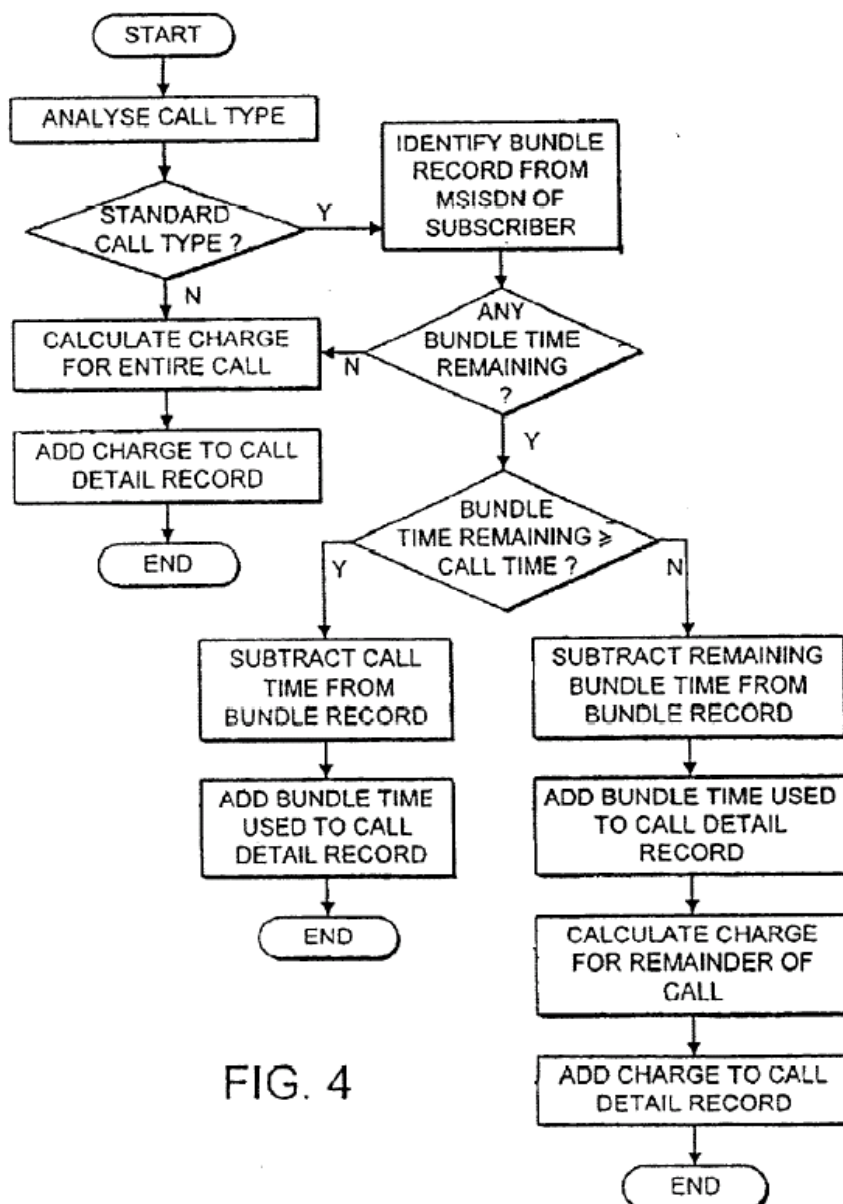


FIG. 4

- [3] As taught by the applicant, in the past, such billing was done on an individual subscriber basis with the result that when a business, for example, has several such subscribers, many individual bills would be received, complicating the processing of such services.
- [4] Applicant proposes the use of groups of subscribers which groups are allocated a usage amount as a group. Thereafter, the usage allocation may be used by any member of the group and the charges which apply to each subscriber's usage will depend on the particular subscription type held by that group. Billing information is then generated for the group with a breakdown for each member as well.

BACKGROUND

- [5] This application was filed in Canada on November 6, 1997 and was rejected by the examiner on December 20, 2002 in a Final Action. In the Final Action, the Examiner rejected all of the claims as being obvious in view of US Patent No. 5,359,642 to Castro. The Examiner also rejected all of the claims for not complying with Section 2 of the *Patent Act*, because the subject matter of the claims did not amount to a contribution or addition to the cumulative wisdom in the art of billing systems.
- [6] In response to the Final Action, the Applicant did not amend the application, but instead chose to present arguments in favour of the claims submitted prior to the Final Action.
- [7] As the Examiner did not find the Applicant's arguments persuasive, the case was forwarded to the Patent Appeal Board and the Applicant requested an oral hearing, which was held on January 10, 2007, at which time the Applicant was represented by Mr. Gary Arkin of the firm Moffat & Co.. The Patent Office was represented by Peter Ebsen, Section Head, Electrical Division, and Imran Siddiqui, the Examiner in charge of the

application.

[8] Mr. John Cavar was a member of the Board at the hearing, but he retired from the Public Service before the Board's recommendations to the Commissioner were finalized, so he was not available to sign them. However, he is aware of these recommendations and agrees with them.

[9] At the hearing, the Applicant's agent submitted further written and oral arguments relating to the patentability of the pending claims, along with documents relating to the commercial success of the invention, both of which will be addressed in the later analysis of the issues. It is noted that the Applicant chose to address the objection under 2 as a novelty issue. This appears to be consistent with the position taken by the Applicant in response to the Final Action. The Applicant further submitted a proposed amended set of claims, which are addressed in the section below.

PROPOSED AMENDMENTS BEFORE THE PATENT APPEAL BOARD

[10] At the hearing, the Applicant's agent submitted proposed amendments to the claims in the hope that the Board would consider these amendments in assessing the patentability of the claims. However, 31 of the *Patent Rules* states:

31. An application that has been rejected by an examiner shall not be amended after the expiry of the time for responding to the examiner's requisition, made pursuant to subsection 30(4), except,

- (a) where the rejection is withdrawn in accordance with subsection 30(5);
- (b) where the Commissioner is satisfied after review that the rejection is not justified and the applicant has been so informed;
- (c) where the Commissioner has informed the applicant that the amendment is necessary for compliance with the Act and these Rules; or
- (d) by order of the Federal Court or the Supreme Court of Canada.

[11] Therefore, unless the rejection by the examiner is withdrawn, as per 31(a); is sent back to the examiner for further prosecution, as per 31(b); or the Commissioner informs the applicant that the amendment is necessary in order to comply with the Act and Rules, as per 31(c), the application may not be amended while it is pending before the Patent Office after

the expiry of the time limit to respond to the Final Action.

[12] The Board will not engage in the review of claims which were not before the examiner. Therefore, in the present case, the claims will be reviewed as they existed after the expiry of time for responding to the Final Action.

THE ISSUES

[13] As stated in the Background section, the claims of the present application have been rejected on two grounds, namely that they are obvious in view of a US Patent, and that they do not comply with Section 2 of the *Patent Act* since they do not amount to a contribution or addition to the cumulative wisdom in the art of billing systems. The latter objection, as stated by Mr. Ebsen at the hearing, stems from the reasoning in *Progressive Games v. Commissioner of Patents* 3 C.P.R. (4th) 517 (F.C.T.D.), affirmed, 9 C.P.R. (4th) 479 (F.C.A.), in which such a criterion was used, as part of a larger test, to determine if a method of playing a game of poker constituted a patentable "art". In affirming the lower court's decision, Sexton J.A. of the Federal Court of Appeal stated at page 479, in relation to the Appellant's changes in the method of playing poker:

These changes do not substantially modify the poker game as it is generally known. The Appellant's suggested game uses the same standard deck of playing cards and the conventional rules of poker with a slight variation. We do not believe this amounts to a new and innovative method of applying skill or knowledge ...

[14] Such reasoning focuses on the novelty or inventive ingenuity of what is claimed, rather than its appropriateness as patentable subject matter per se. As stated earlier, the Applicant was inclined to treat such an objection as one of lack of novelty.

[15] The Board will address the objection under Section 2 of the *Patent Act* subsequent to addressing the question of obviousness. Accordingly, the Board is faced with two questions:

- (1) Would claims 1-29 have been obvious in view of Castro?
- (2) Do claims 1-29 represent a contribution or addition to the cumulative wisdom of billing systems?

WOULD CLAIMS 1-29 HAVE BEEN OBVIOUS IN VIEW OF CASTRO?

[16] The focus of the objection based on obviousness in the Final Action, Applicant's Response to the Final Action, and in Applicant's submissions, is claim 1, which is directed to an apparatus for generating billing data. However, since claim 19 relates to the method of generating billing data, it will be included in the present analysis as well. Claims 1 and 19 read as follows:

1. Apparatus for generating billing data for subscribers in a telecommunications system, said apparatus comprising:
 - data storage means arranged to hold subscriber records, shared usage allocation records for a plurality of groups of subscribers, and data indicating a series of predetermined future billing periods, said subscriber records storing data indicating group subscription types held by said groups; and
 - data processing means arranged to:
 - provide a shared usage allocation of an original magnitude to each of said groups in respect of each of said billing periods, the original magnitude of each said shared usage allocation being determined in accordance with data including the group subscription type held for each said group, respectively;
 - analyze call data, indicating that a subscriber in one group has made a call during one of said billing periods, to determine whether said call falls within predetermined call type criteria, and to reduce said allocation for said one group in respect of said billing period when said criteria are met; and
 - generate billing data on the basis of said analysis.

19. A method of generating billing data in a mobile communications network, said method comprising:
 - holding subscriber records for a plurality of groups of subscribers;
 - holding data indicating a series of predetermined future billing periods;
 - holding usage allocation records, each of said usage allocation records being for containing a usage allocation to be shared by subscribers in a respective group;
 - storing a usage allocation having an original magnitude in each of said usage allocation records at the start of each of said billing periods, the original magnitude of each said shared usage allocation being predetermined in accordance with a group subscription type held for each group respectively;
 - providing a telecommunications service to a subscriber in one group;
 - generating a call detail record and transmitting said record to a billing centre; and

analyzing said call detail record to identify the usage allocation record held for said one group, and reducing the usage allocation in said usage allocation record in accordance with the usage detailed in said call detail record.

[17] In claim 19 data are held concerning a "series of predetermined future billing periods" and "usage allocation records", which records hold the usage allocation for each group. The particular usage allocation for each group, at an original magnitude, is stored at the beginning of each billing period, such allocation depending on the group subscription type. Examples of group subscription types are given at Table 1 of the application which indicates various plans which are associated with a particular shared bundle of minutes, or "usage allocations". Once the particular subscriber of a group uses a telecommunication service (e.g. makes a phone call), a call detail record is created and this is then analyzed to determine to which group the subscriber belongs, with the usage allocation then being correspondingly reduced for that group.

[18] Unlike claim 1, claim 19 contains no limitation where the call data are analyzed to determine if the call falls into "predetermined call type criteria", before the usage allocation is reduced.

Examiner's Position

[19] In the Final Action the Examiner performed a direct comparison of claim 1 with the subject matter of Castro, such analysis also being directly relevant to claim 19. After such analysis the Examiner concluded that:

The difference between claim 1 and CASTRO is in the recited use of "*data indicating a series of predetermined future billing periods*". However, this feature is not distinguishing because the prevalence and use of future billing periods is not only well known to any one skilled in the art of billing, but also well known to any person in the public that receives bills. Therefore, claim 1 is obvious in view of Castro, and does not comply with Section 28.3 of the Patent Act. Additional features in dependent claims 2-10 including different call charging tariffs and generating a combined billing report have also been disclosed by Castro.

Method claims 11-24 set forth corresponding steps which are similarly obvious in view of Castro. Claims 26-29 containing similar features are also obvious.

Therefore claims 1-29 do not comply with Section 28.3 of the Patent Act.

[20] Although the Examiner contends that the use of future billing periods is well known to any one skilled in the art or to any bill receiving member of the public, no evidence of such common general knowledge was put forth.

[21] At the hearing the Examiner in charge of the application, in relation to the objection based on obviousness, alleged that the claimed invention was simply a variation of the prior art billing scheme, and also that no technical innovation was disclosed. It is to be noted that the former allegation does not address the issue of whether such a variation would have been obvious. With regard to the latter issue of "technical innovation", whether the invention is "technical" is not a criterion to be used in assessing its obviousness. Further, whether the invention is an "innovation" must be decided in view of the prior art.

[22] Mr. Ebsen, the Section Head at the hearing, made reference to a British patent case and a Commissioner's Decision to put forward the argument that the invention was not an "art" or "manufacture", as it did not produce a vendible product. He also referred to the Manual of Patent Office Practice to outline the characteristics of a patentable method. No such grounds of rejection were put forth in the Final Action, and as such they will not form part of the Board's analysis.

Applicant's Position

[23] In the response of June 18, 2003 to the rejection based on obviousness, the Applicant stated in part that:

The Examiner has indicated that the use of future billing periods would have been obvious to one skilled in the art and to any person in the public who receives bills.

.....

The Examiner provides no evidence that the use of data indicating a series of predetermined billing periods was generally known at the time of the invention. It is not clear whether the Examiner is relying on his own current knowledge of billing systems, or the general knowledge at the priority date. The Applicant notes that billing systems have evolved considerably since May 1997 and that one cannot assume without considering the evidence that a particular feature was

within the general knowledge at the claim date.

.....

Applicant stresses that at the relevant date of invention, the use of future billing periods was not obvious to one skilled in the art.

.....

It is therefore the Applicant's firm submission that the claimed invention was not obvious as of the claim date and it is only subsequent developments in billing systems since that time that make the invention now seem obvious. Hindsight however is 20/20, and a long line of authorities has made it clear that ex post facto analysis is not permitted. Reconsideration and withdrawal of Castro in support of the obviousness rejection is therefore respectfully urged.

[24] In the written submissions before the Board, the Applicant stated in part:

It is the Examiner's position that billing periods are well known to anyone skilled in the art of billing, as well as anyone that receives bills, and that this knowledge combined with Castro renders claims 1, 11, 19, 25, 28, and 29 obvious. While not admitted, assuming that allocating usage of an original magnitude at the start of a billing period to **single-user** accounts was in the general knowledge of telecommunications billing systems on the claim date, it would still not have been obvious to combine this feature with the group subscription system of Castro to arrive at the present invention.

In fact, there is no motivation whatsoever to make such a modification to Castro. The irregular scheme for replenishing prepaid group money allocations disclosed by Castro is totally inconsistent with relating allocations to groups **at the start of predetermined billing periods**. The whole advantage of the Castro system is that groups can prepurchase time in bulk and take advantage of low bulk rates. Since the prepaid time allocation is only decremented with use, subscriber groups can purchase large quantities of usage time without fear of loss or waste. In contrast to Castro, claims 1, 11, 19, 25, 28 and 29 recite a system where an allocation of original magnitude is related to a group at the start of each billing period. Thus, any amount of allocation remaining at the end of a predetermined billing period is lost at the start of the next period. If the Castro system were to incorporate such a predetermined period limitation, it would severely hamper the ability of groups to prepurchase usage time in bulk and therefore their ability to secure low rates.

[25] The Applicant also commented on the alleged commercial success of the invention, submitting evidence to this effect. While such a secondary consideration may in some cases support inventive ingenuity, such an effect, taken alone, is not conclusive evidence, and may be due to marketing skills and features other than the invention. (*Creations 2000 Inc. v. Canper Industrial Products Ltd.* (1988) 22 C.P.R. (3d) 389 at 404 (F.C.T.D.), *aff'd* (1991) 34 C.P.R. (3d) 178 at 183 (F.C.A.);

Diversified Products Corp. v. Tye-Sil Corp. (1991) 35 C.P.R. (3d) 350 (F.C.A.)

Obviousness: Legal Principles

[26] Section 28.3 of the *Patent Act* sets out the conditions under which a claim may be found to be obvious:

- 28.3** The subject-matter defined by a claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to
- (a) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and
 - (b) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the public in Canada or elsewhere.

[26] An accepted guide for assessing obviousness in Canada is the one recited by Hugessen J. in *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 at 294 (F.C.A.), rev'g (1984) 78 C.P.R. (2d) 1 (F.C.T.D.):

The test for obviousness is not to ask what competent inventors did or would have done to solve the problem. Inventors are by definition inventive. The classical touchstone for obviousness is the technician skilled in the art but having no scintilla of inventiveness or imagination; a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right. The question to be asked is whether this mythical creature (the man in the Clapham omnibus of patent law) would, in light of the state of the art and of common general knowledge as at the claimed date of the invention, have come directly and without difficulty to the solution taught by the patent. It is a very difficult test to satisfy.

[27] The level of knowledge of the technician skilled in the art has been clarified by the Supreme Court in *Whirlpool Corp. v. Camco Inc.* (2000) 9 C.P.R. (4th) 129 at 162:

While the hypothetical "ordinary worker" is deemed to be un inventive as part of his fictional personality, he or she is thought to be reasonably diligent in keeping up with advances in the field to which the patent relates. The "common knowledge" of skilled workers undergoes continuous evolution and growth.

Analysis

[28] The Examiner, in the Final Action, indicated that claim 1 differed from Castro by the inclusion of "data indicating a series of predetermined future billing periods" (this would also be true of claim 19), and that such a feature was well known in the art. In contrast, the Applicant has stated that there is no evidence of such common general knowledge and that, in addition, the present claims provide for a shared usage allocation to a group for each predetermined billing period, something not contemplated by Castro.

[29] Looking to Castro, this reference discloses a method and apparatus for prepayment of telecommunications connections between first and second telecommunication devices operably associable with a telecommunications network. The invention is outlined at column 2, lines 56-60:

In general, this method involves storing in a centralized storing means, monetary value data representative of a prepaid (i.e. deposited) amount of monetary value available for payment of telecommunication connections within the switching network.

[30] At column 3, lines 1-9, a general call processing method is described:

In response to the termination of the telecommunication connection, the measurement of the time duration of the telecommunication connection is ceased. The cost of the telecommunication connection is computed using applicable rate data and the measured time duration. The stored monetary value data is processed to indicate a decrement in available prepaid monetary value, which is essentially equal to the computed cost of the telecommunication connection.

[31] This process is very similar to Applicant's claimed processing of a call detail record to then reduce the usage allocation. At column 3, lines 36-43, the idea of a group prepaid subscription is first mentioned:

For example, any group of subscriber lines or assigned subscriber numbers can be registered with one or more associated billing systems so that each such subscriber line or number has access to a centralized prepaid monetary fund. Preferably, the central reserve of prepaid monetary value is available to each subscriber line or number registered as a member in a prepaid group.

[32] and at column 3, lines 56-58, this group prepaid fund is related to a cellular application:

In a third embodiment, a centralized monetary fund is available to each cellular telecommunication device registered as a member in a prepaid group.

[33] With regard to the billing centre, column 4, lines 59-65 states:

In order to compute the cost (i.e., charge) for each telecommunication process conducted through a telecommunication connection across the switching network and to account for these charges over time for subscriber billing purposes, a billing system 5 is operably connected to each central switching station by way of line 6.

[34] and at column 5, lines 3-7:

the actual location of the billing system which computes call costs and monthly billing statements from transaction record data, can and will vary from embodiment to embodiment.

[35] As for the hardware to be used in such a system, column 6, line 63 to column 7, line 1 states:

each billing system 5 comprises first and second data storage units 16 and 17, prepaid rate data storage unit 18, non-prepaid rate data storage unit 19, non-prepaid cost processor 20, billing record storage unit 21, record printing device 22, prepaid call cost processor 23, and centralized prepaid monetary value data storage unit 24.

[36] Also, as disclosed each prepaid service results in a transaction record stored in the first data storage unit for subsequent cost analysis and processing. With respect to non-prepaid transactions, column 7, lines 45-47 states:

non-prepaid rate data is a function of time, day, origin and duration of the call, and the distance (i.e. mileage) between the calling and called parties.

[37] At column 8, lines 20-33, a more specific method of processing a transaction is described:

Using the time duration data of each transaction record stored in first data storage unit 16 and the applicable calling rate stored in storage unit 18, the cost of each prepaid transaction is computed. Thereafter, cost processor 23 uses the computed cost to update monetary value data of the corresponding subscriber. This updating procedure is achieved by cost processor 23 subtracting the computed cost from the running balance of the prepaid monetary fund. Preferably, although not necessary, the prepaid calling rate is a uniform rate,

independent of time, date and mileage duration of the call, and is expressed in monetary value per unit of time.

- [38] If the non-prepaid rate enable option has been selected by the user, then when all prepaid monetary funds have been depleted, the remaining portion of any transaction record time will be billed at the non-prepaid rate (see column 12, lines 7-30).
- [39] In the third illustrative embodiment described, beginning at column 16, line 43, Castro discloses a group subscription option where a number of cell phones belong to a prepaid subscriber group. The sponsor of such a group prepays an amount of monetary value which is available for use by any member of said group. After each call a transaction record is generated and the cost computed in order to decrement the current amount of monetary value available in the sponsor's prepaid cellular phone account.
- [40] From the foregoing it is evident that Castro does disclose a group subscription type plan where any member of the group may use available prepaid funds remaining in the group account. Since more than one group is clearly contemplated, there would also be recognition of a caller as a member of a group. The transaction record generator is used to identify the individual as a member of a sponsored group and the group monetary value is decremented accordingly. Also, in view of the possibility that there can be more than one group and differing bulk prepaid amounts (see column 3, lines 59-65), there would also effectively be different group "subscription types" due to different group rates associated with the different bulk prepaid amounts.
- [41] Castro does not however suggest that the funds allocated to a group are in any way associated with a specified time period. After a sponsor of a group deposits a prepaid monetary amount those funds may continue to be used until the prepaid amount is exhausted. There is disclosure of an alert message which can be transmitted to the sponsor when the monetary amount available falls below a predetermined threshold (see column 16, lines 31-42), after which presumably the sponsor would replenish the prepaid account. However, there is no regular

time period associated with such a warning.

[42] Unlike Castro, which clearly discloses an irregular deposit of monetary funds dependent on the particular usage of the members of a group, the present invention allocates a "shared usage allocation" of an "original magnitude" to each predetermined billing period. In other words, this group allocation of available time or money is done at a fixed interval and not only when the allocation has been exhausted, as is the case in Castro.

[43] Although the Examiner argued that the use of "predetermined future billing periods" was common general knowledge at the claim date, no evidence was adduced in support of this position. Even if it could be said with certainty that the use of "predetermined future billing periods" in a telecommunication system was commonly known, there is still no evidence that it was ever contemplated to link a group shared usage allocation amount to a predetermined billing period.

[44] Accordingly, the Board finds that claims 1-29 would not have been obvious in view of the US Patent to Castro.

DO CLAIMS 1-29 REPRESENT A CONTRIBUTION OR ADDITION TO THE CUMULATIVE WISDOM OF BILLING SYSTEMS?

Examiner's Position

[45] In relation to the objection under Section 2 of the *Patent Act*, the Examiner stated in the Final Action in part that:

The expressions "*data indicating a series of predetermined future billing periods*" and "group" inserted in claim 1 by amendment are not patentably different over CASTRO.

These expressions do not substantially modify the art of billing systems, nor do they create a new or improved billing system which is different from CASTRO.

Coined expressions such as future billing periods, group, type etc. which repackage prior art concepts for tariff calculations and subscriber billing administration, do not amount to a contribution or addition to the cumulative wisdom of billing systems.

.....

... the differences between claims 1-29 and CASTRO are not patentable under 2 of the Patent Act. The differences between CASTRO and the claims do not amount to a contribution or addition to the cumulative wisdom of billing systems.

[46] When phrases such as: "not patentably different over CASTRO"; "do not substantially modify the art of billing systems", and "nor do they create a new or improved billing system" are used, it becomes clear that the objections are focussed on whether the claims, in view of the CASTRO reference, are novel or inventive, rather than whether what has been invented is per se patentable subject matter. This is especially clear from the passage "do not substantially modify the art of billing systems".

Applicant's Position

[47] In response to the Final Action, the Applicant, in the letter of June 18, 2003, stated, in part, that:

Responsive to the Examiner's novelty objections, the Applicant further submits that the Examiner's analysis bears correction with respect to independent claims 1, 11, 25, 28, and 29. All of these claims include the feature of determining whether a call falls within a predetermined call-type criteria, and reducing the group allocation when the criteria are met. In other words, the periodic group allocation is only in respect of particular types of calls. In contrast, the group allocation of Castro is a money allocation from which call charges are deducted regardless of call type ... The rate may or may not be uniform ... but there is no suggestion in Castro that only predetermined types of calls reduce the allocation.

.....

While not admitted, even if the selective call-type allocations were in the general knowledge for single-user tariffs, the Applicant submits that it would not have been obvious to combine this feature with the system of Castro to arrive at the present invention. Castro does not disclose a generic group allocation idea which can be freely combined with features of single-user tariffs. Rather, it discloses a specific group money allocation which is not specific to call type.

.....

Further, all of the independent claims in the present application include the feature of holding data indicating a series of "predetermined" future billing periods, and providing a shared usage allocation in respect of each of those billing periods. In contrast, the money allocation of Castro is completely independent of billing periods; the allocation is stored until it is exhausted, whereupon the calls are billed on a non-prepaid basis ...

.....

The Examiner has further asserted that the expressions “data indicating series of predetermined future billing periods” and “group” inserted in claim 1 by amendments do not substantially modify the art of billing systems. The Applicant respectfully disagrees. Only following the Applicant’s introduction of “TalkShare”™ in November, 1996, within the one-year grace period of the present application, were group contract billing systems of the type defined by the present claims rapidly adopted by many other network operators in the U.S. and Europe. Evidence of this fact can be provided if the Examiner would find it useful. Conversely, the Applicant is not aware of any widespread implementation of group pre-pay systems similar to Castro.

.....

The Examiner has further dismissed the feature that the original amount/magnitude of the group/shared usage allocation is predetermined in accordance with a group subscription type. The Examiner characterizes this as “repackaged prior art expressions using coined phrases” which do not distinguish over the art and are further implicit in Castro. However, the Applicant submits that these phrases define real data used by the claimed apparatus and method in a way which patentably distinguishes over Castro. While Castro stores data identifying subscribers as belonging to groups and data representing the monetary value available to each group, there is no disclosure of data identifying different types of groups, which determines the magnitude of a shared usage allocation. The magnitude of the shared usage allocation is entirely dependent on the amount of money paid by the “sponsor” in Castro.

[48] In the additional material submitted to the Board at the hearing, the Applicant, as previously stated, also chose to address the objection under Section 2 of the *Patent Act* as one of lack of novelty, as is the case in the above quoted passages, which appears to be consistent with the focus of the objection made by the Examiner.

Patentable Subject Matter: Legal Principles

[49] Section 2 of the *Patent Act* sets out the definition of invention as:

“invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

[50] In *Harvard College v. Canada (Commissioner of Patents)* 21 C.P.R. (4th) 417 at 474, Bastarache J., speaking for the majority, stated that (emphasis added):

In my view the question of whether a higher life form can be considered a “manufacture” or “composition of matter” approaches a pure determination of law. There is no disagreement in this case regarding the nature of the specific invention: if it is determined that higher life forms are “manufacture[s]” or “composition[s] of matter”, then the oncomouse is an invention.

and at page 476 that:

The sole question in this appeal is whether the words “manufacture” or “composition of matter” within the context of the Patent Act, are sufficiently broad to include higher life forms.

[51] In view of Bastarache J.’s statements, the proper assessment to be made in relation to patentable subject matter is to determine, apart from considerations of novelty, utility, and obviousness, which each require an evaluation in view of a separate test, whether the alleged invention is encompassed by at least one patentable category under Section 2 of the *Patent Act*, be it art, process, machine, manufacture, or composition of matter. If the subject matter does not fall within the meaning of any of these terms, then it must be refused as being directed to non-patentable subject matter.

[52] Accordingly, applying Bastarache J.’s approach to the present case, if it is determined that (with respect to claim 19 for example) the method of generating billing data in a mobile communications network is an “art” or a “process”, then it is patentable subject matter.

Analysis

[53] In relation to the objection made under Section 2 by the Examiner in the Final Action, this objection focussed on the novelty or obviousness of the claims, rather than on whether what was allegedly invented fits into a patentable category of invention. The Applicant correspondingly responded by putting forth arguments in favour of the novelty of the invention, since the objection as to obviousness had been made separately.

[54] Therefore, given that in the previous analysis as to obviousness in view of Castro, it was found that there were differences

between the claims and the Castro reference, and that these differences would not have been obvious to the person skilled in the art, the claims cannot be said to have been anticipated by Castro.

[55] The Board makes no determination on the question of whether or not a billing system and method as claimed by the Applicant is an "art" within the meaning of Section 2 of the *Patent Act*, since this question was not fully addressed by the Examiner and the Applicant.

[56] Accordingly, due to the manner in which the rejection was made, the Board finds that the rejection based on Section 2 of the *Patent Act* cannot be upheld.

RECOMMENDATIONS

[57] In summary, the Board recommends that:

- (1) the Examiner's rejection of claims 1-29 as being obvious in view of Castro be reversed, and
- (2) the Examiner's rejection of claims 1-29 as not complying with Section 2 of the *Patent Act* for not amounting to a contribution or addition to the cumulative wisdom of billing systems be reversed.

Stephen MacNeil
Member

Ed MacLaurin
Member

[58] I concur with the findings and recommendation of the Patent Appeal Board that the Examiner's rejection of the claims be reversed, and return the application to the Examiner for further prosecution consistent with the Board's recommendation.

Mary Carman
Commissioner of Patents

Dated at Gatineau, Quebec,
this 29th day of August, 2007