

Commissioner=s Decision # 1304

Décision du Commissaire # 1304

TOPIC: O - 00

SUBJECT: O - 00

Application No : 2,225,158

Demande no : 2,225,158

COMMISSIONER'S DECISION SUMMARY

C.D. 1304 Application 2,225,158

Obviousness

The Examiner rejected the application stating that the claims were obvious in view of the cited prior art. The application concerns a postal security device or PSD which contains stored funds, and is attached to a non-secure printer which prints postal indicia on a mail piece. The postal security device is attached to a card interface, which receives a secure card (or smart card or stored value card). The inventive concept was the ability to transfer funds from the PSD to a stored value card, namely the transfer of funds out of the PSD for a use other than the payment of postage.

The application was refused by the Commissioner of Patents.

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,225,158, having been rejected by the Examiner under subsection 30(3) of the *Patent Rules*, was reviewed 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:

Agent for the Applicant

GOWLING LAFLEUR HENDERSON

1 Place Ville Marie

37th Floor

Montreal, Quebec

H3B 3P4

INTRODUCTION

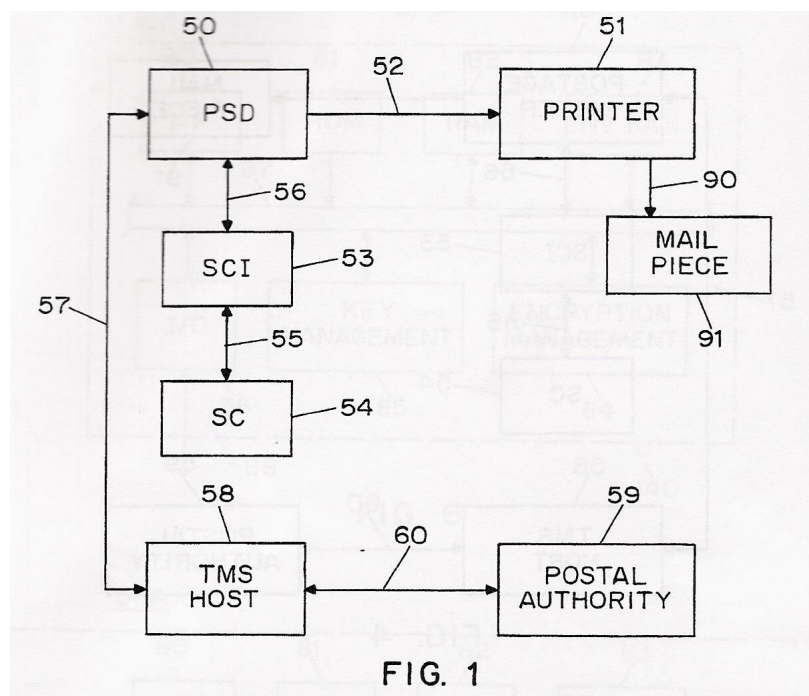
[1] This decision reviews patent application number 2,225,158 which was filed on April 23rd, 1997, claiming a priority date of April 23rd, 1996, and is entitled ASECURE SMART CARD ACCESS TO PRE-PAID METERING FUNDS IN METER@. The Applicant is ASCOM HASLER MAILING SYSTEMS, INC. and the inventor is George Brookner. The Examiner in charge issued a Final Action on April 28th, 2004 finding all of the claims obvious.

[2] At the Applicant=s request, the Patent Appeal Board conducted a hearing (Athe Hearing@) on September 19th, 2007,

at which time the Applicant was represented by Ms. Helene D=lorio and Ms. Tuba Yamac from the firm of Gowling Lafleur Henderson. Also present at the Hearing were Mr. Leigh Matheson, the Examiner in charge of the application and Mr. Peter Ebsen, Section Head.

BACKGROUND

[3] The invention disclosed in this application is described in relation to Figure 1 below. A postal security device (50) or PSD contains stored postage value, and is attached to a non-secure printer (51) which prints postal indicia on a mail piece (91). In addition, the postal security device (50) is attached to a secure card interface (53), which receives a secure card (or smart card) (54). The postal security device (5) is connected to the TMS (Telemeter Setting) host (58) by a data link (57). The TMS host (58) is connected to the postal authority (59) by a data link (60).

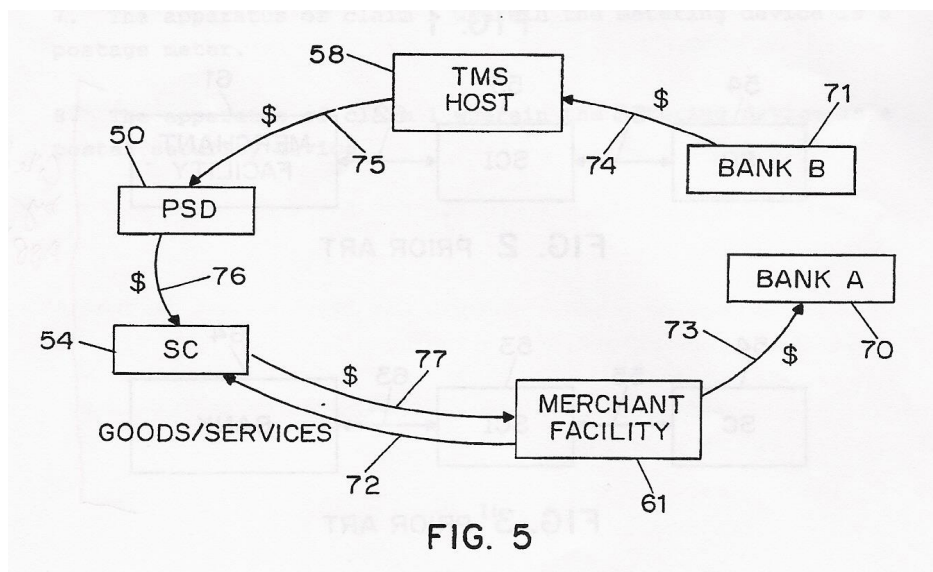


[4] As described on page 3 (lines 12-30) of the application, when used for the printing of postage indicia, the PSD 50 provides information via nonsecure channel 52 to a nonsecure printer 51 for printing postage indicium on the mail piece 91. When the stored value in the PSD 50 is exhausted, no more postage indicia may be printed and it becomes necessary to refill the PSD 50 by means of a telemeter setting (TMS) session. In a TMS session, a nonsecure data link 57 is established which

effectively transfers pre-arranged funds on deposit with the manufacturer or the postal authority 59, into the PSD 50. Transfers occur by transmitting encrypted data which represents funds.

[5] A key aspect of the invention involves a smart card 54, which plugs into a smart card interface 53, which is connected to the PSD 50 via a nonsecure communications channel 56. As noted on page 4 (lines 17-18), stored value can be transferred from the PSD 50 to the card 54. Notably, on page 9 (lines 23-26) of the application, the useful outcome for the user is that prepaid postage funds are available to be used as needed, rather than being dedicated only to postage. A pivotal point of disagreement between both the Applicant and the Examiner surrounds this aspect of the invention.

[6] Page 6 of the application describes, while referencing Figure 5, that one can use smart card 54 (recharged with postage meter funds) to obtain goods or services from merchant facility 61.



PROCEDURAL MATTERS

[7] In a letter dated February 11th, 2009, the Applicant was invited to provide submissions addressing each of the four steps setting out the *Windsurfing-Pozzoli* approach in paragraph 67 of

Sanofi-Synthelabo Canada Inc. v. Apotex Inc. 2008 SCC 61, (2008), 69 C.P.R. (4th) 251. The Applicant responded in a letter dated May 11th, 2009 (the *ASanofi response*).

CLAIMS

[8] Claims 1 to 3 submitted in response to the Final Action, are as follows:

1. A method of utilizing funds at a postal security device, the method comprising the steps of:

storing a first amount of funds in the postal security device to provide a first stored value in the postal security device, the postal security device being adapted to apply postal indicia, and to transfer funds to a plurality of stored-value cards;

withdrawing a second amount of funds from the postal security device for the printing of postage indicia, the stored value being reduced by the second amount;

communicatively coupling one of the plurality of stored value cards to the postal security device;

confirming existence of a predetermined relation between the card and the postal security device;

withdrawing a third amount of funds from the postal security device; and

transferring the third amount of funds to the card.

2. A system for utilizing funds stored as stored value in a postal security device, the system comprising:

means for reducing the stored value in the postal security device for printing of postal indicia;

an interface adapted to receive one of a plurality of stored-value cards,

the interface communicatively coupled with the postal security device;

means responsive to a user request for confirming that the postal security device and the card are in a predetermined relationship;

means for determining whether the stored value in the postal security device is greater than an amount requested by the user;

means for reducing the stored value in the postal security device by the requested amount; and

means for increasing the stored value to the card by the requested amount.

3. A system for utilizing funds at a postal security device, the system comprising:

means for storing a first amount of funds in the postal security device to provide a first stored value in the postal security device, the postal security device being adapted to apply postal indicia, and to transfer funds to a plurality of stored value cards;

means for withdrawing a second amount of funds from the postal security device for the printing of postage indicia, the stored value being reduced by the second amount;

means for communicatively coupling one of the plurality of stored value cards to the postal security device;

means for confirming existence of a predetermined relation between the card and the postal security device;

means for withdrawing a third amount of funds from the postal security device; and

means for transferring the third amount of funds to the card.

ISSUE

[9] The Final Action states that claims 1, 5 and 9 are obvious in view of Baker et al. Some passages from Chen et al. and

Horbal et al. are recited, and the Final Action concludes with a statement that claims 1 to 11 *would have been obvious to a person skilled in the art in view of the Baker et al. and common art, as demonstrated by Horbal et al. or Chen et al.*

[10] In response to the Final Action, the Applicant replaced claims 1 to 11 with new claims 1 to 3. The Summary of Reasons by the Examiner sets out the issue of obviousness as follows: *Claims 1 to 3 would have been obvious to a person skilled in the art in view of Baker et al. and any one of Horbal et al. or Chen et al.*

[11] Thus the only question before the Board is whether or not the claims on file are obvious.

REFERENCES APPLIED

[12] In the Final Action, the Examiner applied the following references:

Document	Publication Date	Inventors
CA 2,122,843	November 7 th , 1994	Baker et al.
EP 0,328,057	August 16 th , 1989	Chen et al.
EP 0,442,761	August 21 st , 1991	Horbal et al.

The Examiner also listed US 4,807,139 and US 4,908,499 as references of interest.

OBVIOUSNESS

The Law

[13] Section 28.3 of the *Patent Act* is the statutory authority for obviousness. In *Sanofi* [supra] the Supreme Court of Canada further set out a four-step approach for assessing obviousness, as follows:

[67] It will be useful in an obviousness inquiry to follow the four-step approach first outlined by Oliver L.J. in *Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd.*, [1985] R.P.C. 59 (C.A.). This approach should bring better structure to the obviousness inquiry and more objectivity and clarity to the analysis. The Windsurfing approach was recently updated by Jacob L.J. in *Pozzoli SPA v. BDMO SA*, [2007] F.S.R. 37, [2007] EWCA Civ 588, at para. 23:

In the result I would restate the Windsurfing questions thus:

- (1) (a) Identify the notional person skilled in the art;
- (b) Identify the relevant common general knowledge of that person;
- (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
- (3) Identify what, if any, differences exist between the matter cited as forming part of the state of the art and the inventive concept of the claim or the claim as construed;
- (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[Emphasis added.]

[14] An obviousness assessment depends largely on the facts of a given case (See CD # 1301, "*Ticket Dispensing Mechanism*", paragraph 17). The Office set out its interpretation of *Sanofi* in a *Practice Notice on Obviousness* on November 2, 2009.

The Examiner's Position

[15] The Final Action and Summary of Reasons set out the case for obviousness in view of Baker et al. and any one of Horbal et al. or Chen et al.

[16] At the Hearing, the Examiner stated that elements 50-54 in Figure 1 are encompassed by the current claims, and that in Chen et al. the same detail is disclosed except that in Chen et al. the funds (in 55) move from the card to the interface instead of the other way. The Examiner said that when Chen et al. is combined with Baker et al., the transferring of funds in the direction from the meter to the card was known. The Examiner alleged that the invention was only a [non-inventive] concept and that the implementation was obvious and no inventive technology has been disclosed. It was also stated that the problem of freeing up funds had been solved in an obvious manner, and the concept was not inventive because the problem was an artificial problem. The Board addresses the submissions regarding problem/solution in its analysis, below.

The Applicant's Response

[17] The prosecution prior to the Hearing focussed on Baker et al., with Chen et al. and Horbal et al. as secondary references.

[18] At the Hearing, the Applicant stated that Chen et al. is more relevant to the field of the invention than Baker et al. (the primary reference applied by the Examiner). The Applicant added that Baker et al. is not relevant art because it does not teach the same kind of postage meter, and further there is no storage of funds or value in the PSD taught by Baker et al. The Applicant provided a chart comparing the claims with Chen et al. and Horbal et al. to demonstrate that the claims are not obvious.

Analysis

[19] In the following analysis, the terms, A smart card@, A secure card@ and A stored value card@ are used interchangeably to define integrated circuit cards that are capable of containing data which is equivalent to cash or money (see entire disclosure of instant application, in particular, page 1 - Technical Field).

[20] Obviousness is to be assessed by addressing each of the *Windsurfing-Pozzoli* steps, as follows. The Applicant=s submissions on *Sanofi* are considered in our analysis, below.

(1)(a) Identify the notional "person skilled in the art".

[21] The Applicant characterized the skilled person as follows:

. . . the notional person skilled in the art is a combination of the technician familiar with the internal operations of postal devices and the user of such postal devices.

[22] The Board agrees with this statement and adds that the skilled person (the combined technician and user) is knowledgeable in postage meters that exchange postage for funds, as well as in the design, operation, and use of smart card technology.

(1)(b) Identify the relevant common general knowledge of that person

[23] The Applicant characterized the common general knowledge of the skilled person as follows:

The relevant common general knowledge of that skilled person includes the knowledge of the manner of using a postal device, including the knowledge that the funds are to be loaded onto a postal security device (PSD), that the PSD is connected by way of a communication channel with a printer, which will print postage indicia and that accounting registers within the PSD keep track of

the funds as they are used for postage.

[24] We accept this statement of the common general knowledge and add the following. As, in our view, the skilled person is knowledgeable in smart card technology, we view any programming necessary to effect the transfer of funds into, or out of, a smart card as also falling within the common general knowledge (this is confirmed in the instant application, see page 4, lines 27-28 as well as element 55 of Figs 2 and 3, representing the prior art; and Chen et al.).

(2) *Identify the inventive concept of the claim in question or if that cannot readily be done, construe it*

[25] In their letter dated May 11th, 2009 the Applicant characterized the inventive concept as follows:

The inventive concept of the claims is the ability to transfer funds from the PSD to a stored value card, namely the transfer of funds out of the PSD for a use other than the payment of postage.

[26] We accept the Applicant's view of the inventive concept.

(3) *Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed*

Baker et al.

[27] Baker et al. is generally directed at upgrading a cash-based Convenience Mailing Center (kiosk) by converting to funds equivalent data (virtual cash) transacted through smart cards. The Convenience Mailing Center includes a conventional postage meter. One aspect of the invention is permitting the kiosk to recharge smart cards with funds equivalent data obtained from an encrypted authorization message from a remote data center. Baker et al. generally describe the usefulness of smart cards as a way to store funds and expense funds when buying goods and services. Page 3 (lines 1-11) introduces the background prior art Convenience Mailing Center (kiosk) which is used by employees to frank mail pieces by depositing funds in the kiosk. The problem being addressed in Baker et al. is how to migrate a conventional cash-based meter design to a design using cash equivalent data, and avoid accumulating very large sums of cash in the kiosk when smart cards are recharged, as well as to provide postal franking services.

[28] The teachings of Chen et al. are addressed below, however, the Board accepts the submission of the Applicant that Chen et al. is a more relevant reference than Baker et al. The kiosk in Baker et al. is a postage meter designed to provide service to several employees at the Applicant's technical center, wherein each employee uses his or her smart card instead of cash (Baker et al., pages 2 and 3). A vault is not provided as funds are not to be shared, but rather, individual employees use their own smart cards to pay for postage. Thus, the context differs from the present invention wherein a postage meter is, as acknowledged by the Applicant at the Hearing, designed to serve an individual or organization and not multiple parties using separate Accounts (the instant description does not make any reference to multiple Accounts or vaults, and, at page 9, likens the vault to a Prepaid escrow account that is Available to the account's owner). Chen et al., on the other hand, teaches a device that is designed to operate in the same context as the present invention wherein a vault for storing

funds is provided.

[29] While Baker et al. does not set forth the state of the art in our analysis, it does support our view as to what is common general knowledge in this art.

Horbal et al.

[30] Horbal et al. relates to a system for remotely resetting a postage meter in which a variable amount of postage is added. The system involves a computerized central facility or "host" (30), in telephone communication with the meter (20), which host (30) verifies the identify of the meter (20) and ascertains the availability of funds, then sends to the meter (20) a unique authorization combination which is verified at the meter before the meter (20) introduces the additional postage requested. The system makes use of authentication functions based on the meter identity and amount requested. The Board does not find Horbal et al. to be particularly relevant to the inventive concept of the present claims.

Chen et al.

[31] As stated in the Applicant=s response to the Final Action, Chen et al. teach a postage meter recharging method whereby an authorized user is issued a smart card containing funds at a value card center. The user brings the card to a card interface terminal coupled to the postage meter and transfers the funds to the meter. The postage meter includes a vault for storing funds, which vault must remain in the meter due to federal regulatory requirements, noted in Chen et al. (See column 5, lines 46 to 53 below and column 1, lines 49 to 55). Figure 1 from Chen et al. is shown below.

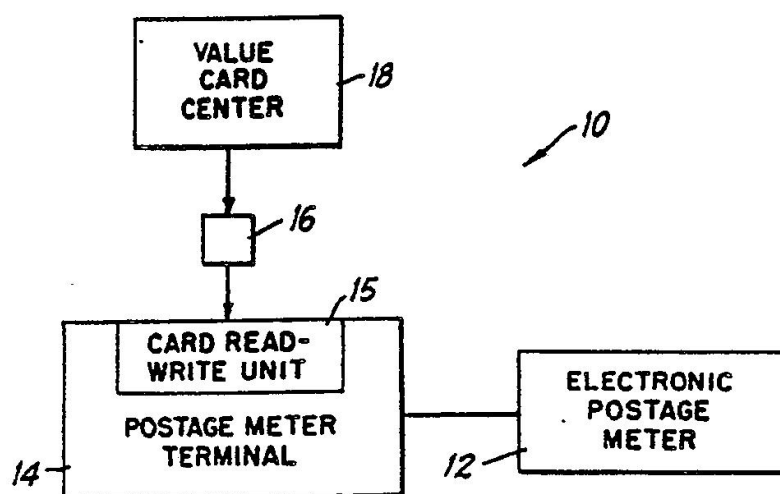


FIG. 1

[32] For ease of comparison, some relevant sections of Chen et al. are reproduced below [emphasis added]:

The system includes at least one electronic postage meter 12 securely connected to a postage meter terminal 14 adapted to receive an integrated circuit value card 16 having a microprocessor and memory, or memory only, commonly referred to as a "smart" card. A value card center 18 maintains customer accounts and, upon request, issues one or more value cards 16 bearing postage funds encoded therein.

[column 3, line 53 to column 4, line 3]

...

User terminal 14 includes an integrated circuit card read-write unit 15 for receiving and communicating with an integrated circuit value card 16 inserted therein. User terminal 14 is capable of communicating with both an integrated circuit card inserted into the integrated circuit read-write unit and with the electronic postage meter 12, effectively acting as an interface between meter 12 and card 16. Appropriate user terminal design, construction and programming is believed to be within the skill in the art based upon availability of appropriate smart card read-write units from the particular smart card manufacturer and predetermined meter protocol. [column 3, lines 11 to 24]

...

The value card prepared in this manner is transmitted to the customer for meter recharging. The customer inserts the value card into meter terminal 14 which reads

the card and communicates with meter 12. The value card first inquires as to meter status in order to confirm that the meter is ready to be recharged. Upon confirmation of meter readiness, the value card transmits a request for the meter combination code and awaits a valid response. After the proper confirmation code is received, the value card transmits a request for identification of the amount of funds to be transferred from the card to the meter. The requested amount of funds, up to the amount stored on the value card, is then transmitted via terminal 14 to meter 12 to update and recharge the meter vault. Thereafter, the card transmits the end of entry code to terminate communication between the card and meter. The value card is then removed from terminal 14 and the recharged meter is operated in the traditional fashion. [column 5, lines 10 to 30]

. . . As such, the system according to the present invention remarkably may be retro-fitted to electronic postage meters existing in the field without modification. In this regard, since the postage funds vault remains at all times within the postage meter the system according to the present invention should find favor with federal regulatory authorities. [column 5, lines 46 to 53]

[33] In their submission on *Sanofi*, the Applicant referenced a table, which was previously submitted at the Hearing, comparing the claims with the prior art to highlight the differences, and concluded:

The table clearly highlights that the prior art does not teach or suggest means for reducing the stored value in the postal security device by transferring funds to a stored value card.

[34] We accept that this is the difference over the inventive concept and the state of the art illustrated by Chen et al. Thus, the difference between the state of the art and the inventive concept of the claim, is the inventive concept itself.

4. Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

Applicant=s viewpoint

[35] In paragraphs 8 to 10 (pages 3-4) of its *Sanofi* response, the Applicant addressed step 4 as a question of whether the differences would be obvious to try. The Aobvious to try@ test is not applicable in every instance, as acknowledged on page 4 of the Applicant=s response. The Board considers that, in view of the facts involved, this test is not appropriate. We are also mindful that Aobvious to try@ is only one approach to be considered when assessing the differences for obviousness or any degree of invention (*Sanofi*, paragraphs 62 to 64).

Consideration of Problem in Addressing Obviousness

[36] Before getting to our analysis under step 4 of the *Windsurfing-Pozzoli* approach, we will address the relevance of considering the problem solved by an invention when addressing obviousness.

[37] At the Hearing and throughout the prosecution, there was much discussion regarding the problem addressed by the present invention. More specifically, the Examiner held the view that the failure of the prior art to disclose the specific problem addressed by the present invention was not, in itself a reason to conclude the invention is inventive. At the Hearing, the Applicant urged the Board, in order to better understand the invention, to consider the problem being addressed. Later, following the Examiner=s submissions regarding the relevance of the problem being solved to the question of obviousness, the Applicant submitted that the problem has no bearing on the question of obviousness B the only legal question is that set out in *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 (F.C.A.).

[38] The Examiner pointed out that the description frames the invention as the solution to the problem of how to free-up funds previously designated for a postage meter. He stated that an application needs to disclose and claim an inventive solution to a problem, not an obvious solution to a newly defined or artificial problem. The Examiner submitted that the jurisprudence suggests that the longer a problem has resisted attempts to solve it, the greater the likelihood of inventive ingenuity in the solution (citing *Union Carbide Canada Ltd. v. Trans-Canadian Feeds Ltd.* (1966), 49 C.P.R. 29 at 53-54 (Ex Ct.); and *Peterson Electronic Die Co. v. Plastiseal* (1972), 8 C.P.R. (2d) 222 at 240-42 (F.C.T.D.), *aff=d* (1974), 14 C.P.R. (2d) 48 (F.C.A.)). The Examiner noted that there was no evidence that the problem at hand was long recognized nor that it had resisted previous attempts at its solution.

[39] We agree with the Examiner, in part. As for the Applicant=s submission, the law on obviousness has been revisited by the Supreme Court since the Hearing. Under the framework provided in *Sanofi*, the question in step 4 is to be driven by the facts of the case, including any secondary factors, and not by a rigid formula, such as the test for obviousness elucidated in *Beloit*.

[40] The case law holds that it is difficult to find an invention obvious where it addresses a problem that has resisted solution for a considerable amount of time. That said, it does not follow that, in order to find ingenuity, a problem must have resisted solution. In general, where an applicant argues that its invention is non-obvious because it solves a long-standing problem, it must base the argument on evidence to that effect (see, for example, *International Vehicular Parking Ltd. v. Mi-Co Meter (Canada) Ltd.* (1948), [1949] Ex. C.R. 153).

[41] The case law also holds that an inventive step may be found in the identification of a problem (so long as a solution is taught, regardless of its simplicity) (see, for example, *Bayer AG v. Novopharm Ltd.*, 2006 FC 379, 48 C.P.R. (4th) 46). On the other hand, just because a problem appears to be newly identified, it does not automatically imply the existence of an inventive step.

[42] Whether a problem is new or whether it has existed for some time and resisted solution are factors that may prove useful to consider, where appropriate, in addressing the factual inquiry in the fourth step of the *Windsurfing-Pozzoli* approach. Whether or not any of these factors point to the existence of an inventive step, depends on the particular facts of each case.

[43] When faced with such factors, it is appropriate to consider whether or not the problem is one that is artificial, or a *Astraw man* (Bayer, *supra*; Sanofi-Aventis Canada Inc. v. Ratiopharm Inc. (2010), 2010 FC 230 at 87; see also the *Aillusory problem* as discussed in *Actavis UK Ltd v Novartis AG*, [2010] EWCA Civ 82 at 54-66) set up by the Applicant to be knocked down in order to argue inventiveness. While the Examiner at the Hearing characterized the present problem as artificial, it was not in the sense that the problem was a *Astraw man*. This argument pertains to the Examiner's statement in the Final Action, that *Aif none of the above examples of prior art explicitly disclose a method for carrying out the conventional transaction in reverse. . . that is merely because the problem as defined in the present application was not considered.* At the Hearing, the Examiner submitted that the problem being solved has no relation to a problem with franking mail pieces with postage, but is directed to a different problem of using funds for another purpose rather than using funds for franking mail pieces. Thus the argument is, the identification of the problem solved by the present invention lacks ingenuity. The skilled person may not have considered this problem, however, its recognition is not inventive. Consistent with our analysis, below, we agree that in the present case, there is no ingenuity in the identification of the problem, nor in its solution. Insofar as the cited prior art is not concerned with using funds for another purpose, it does not mean that the cited art "teaches away", but rather that their inventors were preoccupied by other matters, perhaps due in part to the regulatory prejudice suggested in Chen et al.

Analysis - Step 4

[44] On the claim date, the skilled person had knowledge and understanding of smart cards, smart card uses and benefits, alternatives to using smart cards, and the likely influence of the same on postage meter designs. The skilled person would have considered smart cards as an alternative to storing funds in postage meter vaults (see Chen et al., column 1, lines 37-53; Chen et al., column 2, lines 19-22; background reference to Alcatel design). Further, the advantages of smart cards and their uses for third party expenditures were well known to the skilled person before the claim date. Page 4 of the instant application, for example, establishes that, as of the claim date, smart cards were viewed as being equivalent to cash.

[45] Refilling or recharging of smart cards with funds from various repositories of stored value was known to the skilled person. (See Chen et al., column 4, line 37 to column 5, line 9; also see pages 4-5 of the instant application, noting the same capability of the prior art).

[46] Chen et al. teach the same combination of technology, however the present application proposes to reverse the flow of funds (i.e., from the vault to the smart card). The programming to achieve this result is routine (see Chen et al., column 4, lines 19-58, and in the instant application see the discussion of the prior art Figure 3 transfer of funds on page 4) . This leads us to conclude that the implementation and technology involved did not require any degree of invention. This view is supported by the lack of technical disclosure in the instant specification. Thus, the ingenuity in the present case, if any, would necessarily reside in the concept rather than its implementation.

[47] The concept of transferring funds from the vault to the smart card is analogous to issuing a refund. The notion of a refund is widely known in many retail contexts, including

retailing of postage, as discussed on page 2 (line 5) of the instant application, which teaches that a refund of the funds stored in a postage meter vault could be provided by a postal authority. Baker et al., as well as the general examples discussed at the Hearing, are supportive of this view. For instance, in describing the recharging of smart cards, Baker et al. refers to the Ainevitable claims for refund by users who, for some reason, do not use a requested recharge@ (page 11, lines 17-18). At the Hearing, similar situations were discussed, in general everyday retailing contexts, where one would request a refund to be credited to a smart card. Thus, the concept of obtaining a refund was known in a wide variety of commercial settings.

[48] The skilled person, being a user of postal devices, had an appreciation of user requirements, in particular, that a user of a postage meter would be motivated to maintain liquidity of funds. On the claim date, there is evidence of a general trend or desire to access funds from different sources. In Chen et al., the value card center acts as a source of funds for a customer's value card or smart card (see column 4, line 37 to column 5, line 9). One can charge requests for meter funds directly to a customer's bank account, instead of maintaining a separate monetary account at the value card center. Clearly, if either account has sufficient funds, a customer would desire to access that account for recharging a value card. So, in general on the claim date, consumers and businesses recognized the desirability of maintaining liquidity of their assets viz. using smart cards or value cards. All of this supports our view that the concepts of getting a refund in a retail context and of maintaining liquidity would have been widely known as of the claim date B and not just to the skilled person.

Technical Prejudice and Obviousness

[49] The Applicant argued that the invention would have been counter-intuitive to the skilled person, suggesting that there was a prejudice. While existence of a technical prejudice may be a factor indicative of ingenuity (see *Pozzoli, supra*, at paragraph 24), if there was a prejudice against the present invention here, it does not appear to have been a technical one.

The description in Chen et al. (column 1, lines 37-53) of the *SMH Alcatel* system suggests that there was a regulatory prejudice against the withdrawal of funds from the vault of a postage meter. In particular, it is stated that the *SMH Alcatel* system, in requiring the meter vault to be transferred to an integrated circuit card, might face difficulty in obtaining approval, given the regulatory climate existing at that time. Thus, it may be that the present invention amounts to elimination of a self-imposed limitation (motivated by regulatory requirements). We do not see ingenuity in removing a self-imposed limitation. To be clear, it is not possible to come to a conclusion on obviousness on this basis alone as the evidence only suggests that a regulatory prejudice existed. However, the suggestion in the art is supportive of the Board's finding on obviousness, above.

Simplicity of the Invention

[50] The Applicant submitted at the Hearing that the simplicity of the present invention should not lead to a finding of obviousness. We take the Applicant's characterization of the invention as being *Asimple* to be a reference to the simplicity of the concept and of its implementation. We do not understand the Applicant to be characterizing their invention as one that simplifies the devices taught by the prior art. The Applicant, quoting the Court of Appeal in *Diversified Products Corp. v. Tye-Sil Corp.* (1991), 35 C.P.R. (3d) 350, stated that *Ainventiveness can co-exist with easiness and simplicity*. We agree. Simplicity is not a bar to patentability, however it is not necessarily a factor favourable to a finding of ingenuity. Where an invention is simple in nature, secondary factors, may become more important in supporting ingenuity, as suggested in *Union Carbide* at pp. 53-54, *supra*. No such factors are in play in the present case.

[51] Thus a contributing, but non-determinative factor that leads us to our finding is the simplicity of the claimed subject matter, absent any secondary evidence of ingenuity. The claimed subject matter might best be characterized as a *Amere workshop improvement*.

Conclusion - Obviousness

[52] The Board finds, on a balance of probabilities, that the difference over the state of the art, illustrated by Chen et al., would not have required any degree of invention B it would have been obvious to the skilled person.

Recommendation

[53] The Board finds that claims 1 to 3 are obvious under section 28.3 of the *Patent Act*, and recommends that the Examiner's rejection of the application be affirmed.

[54] A third Board member who participated at the Hearing did not complete his review of this case.

P. Sabharwal
Member

M. Couture
Member

[55] I concur with the Patent Appeal Board's findings that claims 1 to 3 are obvious under section 28.3 of the *Patent Act*, and their recommendation.

[56] Accordingly, I refuse to grant a patent on this application. Under section 41 of the *Patent Act*, the Applicant has six months within which to appeal my decision to the Federal Court of Canada.

Mary Carman

Commissioner of Patents

Dated at Gatineau, Quebec,

this 17th day of June, 2010