TOPIC: O00, J-70, B-00

SUJET: O00, J-70, B-00

Application No. : 2,285,834

Demande m : 2,285,834

COMMISSIONER'S DECISION SUMMARY

CD 1337

Pitney Bowes Inc

Patent application 2,285,834 relates to a system and method for selectively replenishing a postage meter on an inserter system. Following the response to a Final Action, the application included 5 claims.

Obviousness

Claims 1-5 were considered by the Examiner to be obvious in view of several cited prior art references contravening section 28.3 of the *Patent Act*.

Non-statutory subject matter

Method claims 2, 3 and 5 were considered by the Examiner not to comply with section 2 of the *Patent Act* for being directed to non-statutory subject matter.

Indefiniteness

Claim 3 was considered by the Examiner to be indefinite, contravening subsection 27(4) of the *Patent Act*.

Held: The Commissioner found that claims 1-5 were obvious on the claim date in view of the state of the art and common general knowledge. Claims 2, 3 and 5 were found to be directed to statutory subject matter. Claim 3 was found to be indefinite.

The Commissioner refused to grant a patent on the application.

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,285,834, having been rejected under subsection 30(3) of the *Patent Rules*, has subsequently been reviewed in accordance with subsection 30(6) of the Rules 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:

<u>Agent for the Applicant</u>

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INTRODUCTION

[1]   This decision deals with a review by the Commissioner of Patents of the Examiner=s rejection in a Final Action of patent application no. 2,285,834, entitled AA Method and System for Selectively Replenishing a Postage Meter on an Inserter System@. The Applicant is Pitney Bowes Inc. The inventors are James Kerands, Laurie J. Salvati and Michael A. Gagliardi.

BACKGROUND

[2]   The subject application was filed on October 13, 1999. It is based on a United States priority application, no. 09/182,020, which was filed October 29, 1998.

[3]   At the time of the Final Action, the application contained 5 claims. In the Final Action, dated March 27, 2006, the Examiner identified the following defects:

    X   claims 1-5 did not comply with section 28.3 of the *Patent Act* for comprising subject matter that would have been obvious on the claim date to a person skilled in the art; in particular, claims 1-3 were obvious in view of Breault and the teachings of either Hunter or the state of the art as described in the instant application, and claims 4-5 were obvious in view of Breault, Gilham and the teachings of either Hunter or the state of the art as described in the application;
    X   method claims 2, 3 and 5 contravened section 2 of the Act for being directed to non-statutory subject matter; and
    X   claim 3 did not comply with subsection 27(4) of the Act for being indefinite.

[4]   In a response to the Final Action, the Applicant amended claim 3 in an effort to address the indefiniteness objection. The remaining claims were not amended. The Applicant presented arguments with respect to the other defects.

[5]   In a Summary of Reasons submitted to the Patent Appeal Board, and forwarded to the Applicant on May 25, 2007, the Examiner indicated that the following defects remained:

    X   claims 1-5 were obvious and did not comply with section 28.3 of the *Patent Act*, for the reasons stated in the Final Action;

X   method claims 2, 3 and 5 were directed to non-statutory subject matter, ie, falling outside the definition of invention as set out in section 2 of the Act; and

X   claim 3 was indefinite and contravened subsection 27(4) of the Act.

[6]   Accordingly, the rejection of the application was maintained.

[7]   A hearing was held before a panel of the Patent Appeal Board, at which the Applicant was represented by Mr. Matthew Powell and Mr. David Ruston from the firm Sim & McBurney. Also present were Mr. Leigh Matheson, the examiner in charge of the application, and Mr. André Gélinas, Section Head, E2.

THE CLAIMS UNDER CONSIDERATION: 1-5

[8]   The claims under consideration comprise system claims and method claims, as follows:

1. A system for selectively interacting with at least one postage meter provided on each one of a plurality of inserter systems, each inserter system having a control system, the system for selectively interacting comprising:

a computer coupled to each said control system of each said inserter system via a file server; and

an inserter/meter protocol converter for coupling each said control system to at least one postage meter, the computer being adapted to selectively interact with said at least one postage meter provided on each said inserter system.

2. A method for selectively interacting with at least one postage meter provided on each one of a plurality of inserter systems with each said inserter system having a control system coupled to a said postage meter, the method comprising the steps of:

provising an operating management system having a central computer coupled to each said control system of each one of said plurality of inserter systems;

providing an inserter/meter protocol converter coupled to each one of said postage meters and a said respective control system wherein a said respective control system communicates with a said postage meter via a said inserter/meter protocol converter;

selecting at least one said postage meter that is desired to interact with said operating management system;

selecting a type of information that is to be retrieved by said operating management system pertaining to said selected postage meter;

transmitting from said operating management system a request for said selected information to a said one of a plurality of inserter systems having said selected postage meter;

transmitting said selected information from the control system of the inserter system having the selected postage meter;

receiving in said operating management system said transmitted selected information;

storing in each said control system of each said inserter system information regarding the amount of postage dispensed by a said postage meter provided on said inserter system; and

transmitting from said control system the information regarding the amount of postage dispensed

by said postage meter when requested by said operating management system.

3. A method for selectively interacting with at least one postage meter as recited in claim 2 further including the step of:

transmitting said selected information from a said selected postage meter to said operating management system without storing said selected information in a said inserter control system.

4. A system for selectively interacting with at least one postage meter provided on each one of a plurality of inserter systems so as to replenish a preselected amount of postage funds into said postage meter, each inserter system having a control system, the system comprising:

a computer coupled to each said control system of each said inserter system via a file server;

an inserter/meter protocol converter for coupling each said control system to at least one postage meter, the computer being adapted to selectively interact with said at least one postage meter provided on each said inserter system to replenish said preselected amount of funds; and

a remote data postage center for transmitting said postage funds in encrypted form to said at least one postage meter under control of said computer and via said file server.

5. A method for selectively inputting postage funds in at least one postage meter provided on each one of a plurality of inserter systems, the method comprising the steps of:

providing an operating management system having a computer coupled to each said postage meter provided on each said inserter system;

providing a data center having stored postage funds;

selecting on said operating management system at least one said postage meter that is desired to have postage funds replenished thereinto;

selecting an amount of postage funds that is to be replenished into said selected postage meter;

coupling said operating management system to said data center;

transmitting a request for said selected postage funds from said operating management system to said data center;

transmitting said selected postage funds from said data center to said operating management system; and

transmitting said selected postage funds from said operating management system to one of said inserter systems having said selected postage meter such that said selected postage funds are replenished into said selected postage meter.

ISSUES

[9]   As stated above, the issues to be resolved are whether or not:

(1)   claims 1-5 are obvious;
(2)   claims 2, 3 and 5 are directed to non-statutory subject matter; and
(3)   claim 3 is indefinite.

OBVIOUSNESS: THE LAW

[10]   Section 28.3 of the *Patent Act* sets out the information against which a claim is assessed in an obviousness inquiry:

> 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.

[11] In *Sanofi-Synthelabo Canada Inc v Apotex Inc*, 2008 SCC 61, a decision released subsequent to the Final Action in this case, the Court stated that it will be useful in an obviousness inquiry to follow the four-step approach first outlined in *Windsurfing International Inc v Tabur Machine (Great Britain) Ltd*, [1985] RPC 59 (CA), and updated in *Pozzoli SpA v BDMO SA*, [2007] EWCA Civ 588. This approach was set out by the Court at & 67, as follows:

(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?

[12] The Examiner and the Applicant did not discuss obviousness within this framework, and therefore did not identify an inventive concept. Consequently, although we follow the 4-step approach, at step 2 we will proceed on the basis of the claims, and on the assumption that all claimed elements are essential (ie, as if the inventive concept is the entire claim). As will be seen in the following analysis, even assuming all claimed elements to be essential, thus considering the claimed subject matter in the manner most favourable to the Applicant, we find the claims to have been obvious.

OBVIOUSNESS: ANALYSIS

(1)(a) The person of ordinary skill in the art (POSITA)

[13]   In this case, the person skilled in the art is someone with experience in the field of mailing and communication systems, including systems involving postage meters, inserter systems, and Aoperations management systems@ (as that term is described in the application; see & 14 below).

(1)(b) The relevant common general knowledge

[14]   In the Background of the Invention the Applicant generally describes multi-station document inserting systems, which form part of the overall mailing system, and which are used by organizations such as banks, insurance companies, utility companies, and direct mailers who wish to include inserts in mailings to customers or potential customers. At pp 1-2 of the description it states [emphasis added]:

> In many respects the typical inserter system resembles a manufacturing assembly line. Sheets and other raw materials (other sheets, enclosures, and envelopes) enter the inserter system as inputs. Then, a plurality of different modules or workstations in the inserter system work cooperatively to process the sheets until a finished mailpiece is produced. The exact configuration of each inserter system depends upon the needs of each particular customer or installation.
>
> For example, a typical inserter system includes a plurality of serially arranged stations including at least one postage meter, an envelope feeder, a plurality of insert feeder stations and a burster-folder station. There is a computer generated form or web feeder that feeds continuous form control documents having control coded marks printed thereon to a cutter or burster station for individually separating documents from the web. A control scanner is typically located in the cutting or bursting station for sensing the control marks on the control documents. According to the control marks, these individual documents are accumulated in an accumulating station and then folded in a folding station. Thereafter, the serially arranged insert feeder stations sequentially feed the necessary documents onto a transport deck at each insert station as the control document arrives at the respective station to form a precisely collated stack of documents which is transported to the envelope feeder-insert station where the stack is inserted into the envelope. The finished envelope is then conveyed to a postage station having a postage meter for affixing the appropriate

postage to the envelope. A <u>typical modern inserter system</u> also includes a control system to synchronize the operation of the overall inserter system to ensure that the collations are properly assembled.

<u>Typically</u>, an inserter operator employs one or more inserter systems in a common environment (a "shop"). A <u>current trend</u> is to employ an operations management system (OMS) in each shop that is central and connected to each inserter system. More particularly, the OMS connects to the control system of each inserter system so as to monitor the operation of each inserter as well as to control its operation thereof.

[15]   At pp 2-3 are presented perceived problems in the prior art:

In regards to monitoring and controlling the operation of postage meters implemented on an inserter system, a difficulty arises in that this is quite burdensome because an expert in software engineering who is skilled in the art of electronic communications needs to produce the software required for the control system of the inserter to communicate with a postage meter.

Thus, in the past, when a user needed to obtain statistical information from a particular postage meter, the user had to directly intervene with the interfacing device provided on that postage meter. Likewise, when a postage funds needed to be replenished in a particular postage meter, the user had to manually acquire an access code from the postage meter interfacing device, dial a postage data center, record the refill combination code and then intervene directly with the meter interfacing device so as to input the refill combination code into the postage meter in order to replenish postage funds thereinto. Obviously this was both burdensome and inefficient as it required the inserter system to be "off-line" while the operator is directly interacting with the postage meter.

[16]   Pages 4-6 provide further details of typical prior art inserter systems.

[17]   Regarding electronic communications between elements of the system, the description discusses the use of conventional file servers, at p 7 [emphasis added]:

OMS 100 is coupled to a file server 102, which file server 102 couples to the inserter control system 14 of each respective inserter system 10. <u>As is conventional</u>, a file server is known as a device that brings

connectivity to other devices, in this instance, the inserters 10 and the OMS 100. In other words, file servers are the hub of a networking system in which resides the software and hardware necessary to operate and control the network system allowing the external devices (e.g., inserters and OMS) to be linked, to communicate with one another, to transfer and share data, etc.. That is, the file server 102 enables the OMS 100 to communicate with each inserter system 10 in a common environment.

[18] In the concluding paragraph of p 8 of the description is discussed the well-known coupling of postage meters to remote postage data centers in order to replenish postal funds [emphasis added]:

As will be discussed further below, the OMS 100 is also preferably coupled to a remote postage data center 110. As is well known, the remote data postage center 110 is operational to transmit postage funds to an identified postage meter in the form of encrypted information. Such a remote postage data center 110 is described in commonly assigned U.S. Patent Nos. 3,792,446; 4,138,735 and 4,447,890. Preferably, the OMS 100 utilizes a telephony connection, via modems, to communicate with remote postage data center 110.

(2) The claims

[19] As noted in & 12, for purposes of this analysis all elements of the claims are taken to be essential.

[20] Generally, the terms recited in the claims are clear and unambiguous. However, the meaning of the expression Aselectively interact@, as found in the phrase Athe computer being adapted to selectively interact with said at least one postage meter@, which appears in system claims 1 and 4, requires some clarification. This expression is not defined in the description. Nor has it been defined by the Applicant in any of the responses to Office actions. But a consideration of how the overall system functions leads us to conclude this expression means the central computer is adapted to interact with (ie, send requests to, and receive information from) a selected one of a plurality of postage meters. That is, we understand that it is at the central computer, not at the various control systems, where the selection of meter is made and the interaction with the meter is initiated.

Claim 1

[21]   Claim 1 sets forth a system for selectively interacting with postage meters, each meter associated with an inserter system. The system comprises:

$ a plurality of inserter systems, each inserter system having a control system;
$ a central computer coupled to each control system via a file server;
$ a plurality of inserter system/meter protocol converters, each converter coupling a control system to at least one associated postage meter; and
$ the central computer being adapted to selectively interact with the at least one postage meter provided on each inserter system.

Claim 2

[22]   Claim 2 recites a method for selectively interacting with postage meters, each meter associated with an inserter system. The method comprises the steps of:

$ providing a system comprising a plurality of inserter systems, each inserter system having a control system, a central computer coupled to each control system, and a plurality of inserter system/meter protocol converters, each converter coupling a control system to at least one associated postage meter;
$ selecting at least one meter that is desired to interact with the central computer;
$ selecting a type of information that is to be retrieved by the central computer pertaining to the selected postage meter;
$ transmitting from the central computer a request for the selected information to the inserter system having the selected postage meter;
$ transmitting the selected information from the control system of the inserter system having the selected postage meter;
$ receiving in the central computer the transmitted selected information;
$ storing in the control system of a inserter system information regarding the amount of postage dispensed by a postage meter associated with that inserter system; and
$ transmitting from the control system the information regarding the amount of postage dispensed by the meter when requested by the central computer.

Claim 3

[23]   Claim 3 includes the steps of claim 2, with the further step of:

    $ transmitting the selected information from a selected meter to the central computer without storing the information in the inserter system control system.

Claim 4

[24]   Claim 4 defines a system for replenishing a preselected amount of postage funds on postage meters, each meter associated with an inserter system. The system comprises the elements of claim 1, as well as the following further elements:

    $ the central computer being adapted to selectively replenish a preselected amount of funds to the at least one postage meter provided on each inserter system; and

    $ a remote data postage center for transmitting the preselected amount of funds in encrypted form to the at least one postage meter under control of the central computer.

Claim 5

[25]   Claim 5 recites a method for selectively inputting postage funds in at least one meter, each meter associated with an inserter system. The method comprises the steps of:

    $ providing a system comprising a plurality of inserter systems, each inserter system having a control system, a central computer coupled to each control system, and a plurality of inserter system/meter protocol converters, each converter coupling a control system to at least one associated postage meter;

    $ providing a data center having stored postage funds;

    $ selecting on the central computer at least one postage meter into which it is desired to have postage funds replenished;

    $ selecting an amount of postage funds that is to be replenished into the selected postage meter;

    $ coupling the central computer to the data center;

    $ transmitting a request for the selected postage funds from the central computer to the data center;

$ transmitting the selected postage funds from the data center to the central computer; and

$ transmitting the selected postage funds from the central computer to one of the inserter systems having the selected postage meter such that the selected postage funds are replenished into the selected postage meter.

(3) Differences between the "state of the art" and the construed claims

[26] In the Final Action and Summary of Reasons, the following references were cited:

Patents

US 4,908,770 A	issued 13 Mar 1990
	Breault
CA 2,164,361 C	laid open 14 Jun 1996
	Hunter
EP 0 298 776 B1	published 29 Sep 1993
	Gilham

The Breault patent

[27] Breault discloses a mailroom management system having a central computer and a plurality of workstations, the system including:

$ a plurality of inserter systems, each inserter system including a computer [control system and data storage means] and an inserter machine [col 4, line 4 to col 5, line 35];

$ each control system coupled via ECHOPLEX ports to an associated postage meter [col 5, lines 50-52];

$ a host [central computer] coupled to the control system of each inserter system, the host being adapted to selectively interact with the control system of each inserter system [col 4, lines 27-38].

[28] Breault also discloses a method of using the above-mentioned system to monitor and record the activity of the inserter systems at the host, by:

$ communicating with individual inserter systems [col 5, line 65 to col 6, line 3];

$ receiving and collecting from each inserter system information regarding transactions of the inserter system, including the amount of postage dispensed by a postage meter associated with the inserter system [col 5, line 65 to col 6, line 12];

$ accounting for postage transactions [col 5, line 65 to col 6, line 3; and col 8, lines 23-25]; and

$ generating reports regarding the transactions [col 6, lines 3-5; and col 8, lines 23-25].

[29]   Regarding the ECHOPLEX communications ports referenced in Breault, at col 5, which Amay be utilized for coupling the workstation to a scale, meter and/or an inserter system@, further details of this aspect of the state of the art appear in the description of the instant application, at pp 7-8 [emphasis added]:

It is to be appreciated that in order for the inserter control system 14 to communicate with each postage meter 104 and 106, each inserter system 10 is preferably provided with an echoplex converter box 108 that is coupled to each postage meter 104 and 106, and to the inserter control system 14 on each inserter system 10. Briefly stated, "echoplex" is to be understood to be a Pitney Bowes propriety communication protocol, invented and developed by Pitney Bowes. Echoplex was created to allow Pitney Bowes TM postage meters to communicate using an encrypted type messaging scheme for confidentiality from external sources. It is designed to permit only authorized types of hardware devices to communicate with postage meters. The inserter systems communicates and controls this type of postage meter using this echoplex protocol to enable the postage meter to in turn communicate with the control system of the inserter system. An example of this aforementioned echoplex system can be found in commonly assigned U.S. Patent No. 4,535,421. More particularly, the echoplex converter box was developed to "hide" echoplex and to simplify development efforts. Thus, the echoplex converter box allows the inserter system to use a protocol standard in which the inserter system uses a predefined set of commands and a standard protocol to communicate with the postage meter, via the echoplex converter box. The echoplex converter box receives messages in this protocol, converts them to echoplex, and sends the messages to the postage meter. In turn, any responses from the postage meter are received by the echoplex converter box, in echoplex, and are converted to the standard protocol so as to be sent to the inserter system. To put simply, each echoplex converter box 108 enables the OMS 100 to communicate directly to each inserter system, via the file server, whereby the control system of the inserter system communicates directly with each postage meter, via the

echoplex converter box.

The Hunter patent

[30]   Hunter provides an example of an ECHOPLEX device as discussed in Breault and in the
        instant application. The device is an external interface unit for message routing and
        protocol conversion, the unit having a plurality of communications ports, including an
        ECHOPLEX port, and serving as an interface between a postage meter and a plurality of
        devices, such as a scale, modem or computer.

The Gilham patent

[31]   Gilham provides an example of commonly known systems for replenishing funds in a
        plurality of postage meters, discussed in the instant application and noted above in & 18. In
        particular, Gilham=s system includes:

        $ a plurality of franking machines [postage meters] [col 2, lines 35-39];
        $ a controller [central computer] coupled to each postage meter by a local area
                network [col 2, lines 57-59];
        $ a remote data postage center, including a computer, coupled to the central computer
                [col 3, lines 19-24];
        $ the central computer being adapted to selectively interact with each postage meter
                [col 3, lines 10-16];
        $ the central computer being adapted to interact with the remote data postage center,
                to receive purchased postage funds from the center, and to store said funds [col 3,
                lines 49-53]; and
        $ the central computer being adapted to replenish a preselected amount of funds to
                each postage meter [col 3, lines 53-55].

[32]   Gilham also discloses a method of using the above-described system to replenish postage
        funds to a plurality of postage meters using the central computer as a master, the method
        comprising:

        $ the central computer reading the registers of individual postage meters, an

ascending register indicating the amount of postage funds used by the machine and a descending register indicating the amount of postage funds still available for use [col 3, lines 29-36, 55-57];

$ the central computer receiving and storing purchased postage funds from the remote data postage center [col 3, lines 49-53];

$ the central computer distributing the funds to the individual postage meters [col 3, lines 53-55], replenishment from the central computer to a postage meter being initiated by a request from a user of an individual postage meter or being initiated automatically when the descending register of a postage meter has descended to a predetermined low credit value [col 3, line 63 to col 4, line 4].

Differences between the state of the art and the essential elements of ...

... Claim 1

[33]   The differences between the state of the art and the instant claims can be seen most clearly by comparing the claims to the Breault disclosure. The Hunter reference does not introduce any relevant features beyond those taught by Breault or acknowledged in the application as being known. As for the Gilham reference, it discloses no additional features relevant to the analysis of claims 1 to 3. While Gilham does teach features not disclosed by Breault and relevant to the analysis of claims 4 and 5, we will address their significance at step 4. This approach resembles that taken by the Examiner, and is adopted here to avoid introducing new considerations to the analysis.

[34]   The differences between Breault and claim 1 are:

$ the particular means for coupling the central computer to each inserter system control system comprising a file server;

$ each control system being associated with <u>at least one</u> postage meter (Breault teaches a single meter at each workstation); and

$ the central computer being adapted to selectively interact with each meter.

... Claim 2

[35]   The differences between Breault and claim 2 are the steps of:

    $ providing a system in which each control system is associated with <u>at least one</u> postage meter; and
    $ the central computer selectively interacting with the postage meter.

    ... Claim 3

[36]   The differences between Breault and claim 3 include the differences indicated with respect to claim 2, and the further step of:

    $ transmitting the information from a selected postage meter to the central computer without storing the information in the inserter system control system.

    ... Claim 4

[37]   The differences between Breault and claim 4 include the differences indicated with respect to claim 1, and the following further differences:
    $ the central computer being adapted to selectively replenish a preselected amount of funds to the at least one meter provided on each inserter system;
    $ a remote data postage center for transmitting the preselected amount of funds in encrypted form to the at least one postage meter under control of the central computer.

    ... Claim 5

[38]   The differences between Breault and claim 5 are the steps of:

    $ providing a system in which each control system is associated with <u>at least one</u> postage meter;
    $ providing a data center having stored postage funds;
    $ selecting on the central computer at least one postage meter into which it is desired to have postage funds replenished;
    $ selecting an amount of postage funds that is to be replenished into the selected postage meter;
    $ coupling the central computer to the data center;

$ transmitting a request for the selected postage funds from the central computer to the data center;

$ transmitting the selected postage funds from the data center to the central computer; and

$ transmitting the selected postage funds from the central computer to one of the inserter systems having the selected postage meter such that the selected postage funds are replenished into the selected postage meter.

(4) Do the differences constitute steps that would have been obvious?

Claim 1

[39]   Before assessing each claim for obviousness, we take note of the Applicant=s arguments supporting non-obviousness. In response to the Final Action, the Applicant stated (at pp 3-4 of the response), with respect to claim 1:

> Examiner argues that claim 1 is obvious over Breault et al. (U.S. Patent 4,908,770) and Hunter et al. (Canadian Patent No. 2,164,361), citing Section 28.3 of the *Patent Act*.

> Examiner discounts Applicant=s previously submitted arguments that Breault et al. specifically teach away from a system Afor selectively interfacing with at least one postage meter...@, as recited in claim 1, because there is no direct communication between the host 12 of Breault et al. and the inserter 38 or meter 34. Applicant=s claimed Acomputer@ is recited as being coupled to each control system of each inserter in such a way as to selectively interact with at least one postage meter provided on each inserter system. Neither the operator workstation nor the host meet this recitation in Applicant=s claim 1.

> The Examiner states that Aselectively interacting with@ a postage meter is broad enough to encompass enabling or disabling a postage meter=s ability to dispense postage and executing programs affecting the operation of a control system that controls a postage meter, citing several passages in Breault et al.

> As has been stated before, the several passages cited by the Examiner in Breault et al. for teaching that various information concerning the operation of the postage meters can be collected via the host computer refer only to the host collecting information from the workstation. Applicant is still of the opinion that there

is absolutely no suggestion whatsoever of the host selectively interacting with a postage meter. Indeed, the passage noted by the Examiner at column 5, line 65 to column 6, line 12 further emphasizes the distinction between Applicant=s claimed invention and Breault et al., in that data must be entered at one or more workstations Aby an operator or operators@, which data may subsequently be collected and stored by the host. Thus, to reiterate Applicant=s previously submitted arguments, the host 12 of Breault et al. provides enable signals to individual workstations 14, 16 and 18 that permit human operators to activate postage dispensing devices. There is no recitation whatsoever of a computer, such as Applicant=s claimed operating management system 100, for selectively interacting with at least one postage meter, via Applicant=s claimed combination of interconnected file server and inserter/meter protocol.

The Examiner has cited Hunter et al. for discussing the echoplex protocol. Regardless, Hunter et al. do not cure the deficiencies of Breault et al. mentioned above.

It is submitted that the Examiner is construing Aselectively interacting with@ too broadly, so as to read on the prior art. However, it is respectfully submitted that, given the teachings of the description and figures, Aselectively interacting with@ a postage meter as recited does not read on the prior art. The Examiner should be construing claims with a mind willing to understand, not with a mind desirous of misunderstanding.

Retraction of Examiner=s rejection of claim 1 under Section 28.3 of the *Patent Act* is respectfully requested.

[40] As is apparent from our determination of the differences over the state of the art, above, we agree with the Applicant that the claimed feature of the central computer being adapted to Aselectively interact@ (with the meaning attributed to this term in & 20) with each postage meter is a difference over Breault.

[41] As noted at _ 34, the differences between Breault and claim 1 are: a file server for coupling the central computer to each inserter system control system; each control system being associated with <u>at least one</u> postage meter; and the central computer being adapted to selectively interact with each postage meter.

[42] We first consider the feature of the means for coupling the central computer to each inserter system control system comprising a file server. Given the trend to employ an OMS in each

shop that was central and connected to each inserter system, thereby providing centralized monitor and control of a plurality of workstations (see & 14), the use of file servers in order to implement such a system represented an obvious choice for connecting electronic devices. As noted in & 17, it was conventional to use file servers for such purposes.

[43]   Regarding the embodiments in which each control system is associated with more than one postage meter, this was well known in the art (see & 14).

[44]   As for the feature of the central computer being adapted to selectively interact with each postage meter, the motivation for so adapting the central computer was provided by the trend of centralizing the monitoring and controlling of mail operations (see & 14). As pointed out at & 15, a known problem in the art was lack of remote communication with the meter. Since this problem was solved by the ECHOPLEX protocol, known in the state of the art, the option of the central computer selectively interacting with the meter was available, and selecting this option would have been a logical next step in view of the above-noted trend towards central control of mail operations. Breault is an example of a central computer communicating through a workstation [control system] with a meter using the ECHOPLEX protocol. From this point, all that was required to realize the practical embodiment was to make the necessary changes to the programming in the system. There would appear to have been no practical difficulties involved in making the changes. The lack of technical detail in the Applicant's specification with respect to programming the OMS supports the panel's finding that enabling this feature was within the expected skill of the POSITA.

[45]   Taken together, these steps would have been obvious to the POSITA on the claim date.

Claim 2

[46]   In response to the Final Action, the Applicant stated (at p 4 of the response), with respect to claim 2:

> Claim 2 distinguishes over the prior art for the same reasons as the system of claim 1. For example, there is no suggestion in Breault et al. of Aselecting at least one postage meter that is desired to interact with said operating management system@. Rather, as argued previously and as argued above, the host of Breault et al. provides enable signals to individual workstations 14, 16 and 18 that permit human operators to activate

postage dispensing devices. There is no mechanism by which the host 12 may interact with any of the postage meters, such interaction occurring only via operator intervention at the workstation.

[47] Regarding the statement that in Breault there is no mechanism by which the host 12 may interact with any of the postage meters, we point out that in Breault=s system there is an interaction between the host and the postage meters, as inforrmation from the meters flows to the workstations, and from the workstations to the host [col 7, line 62 to col 8, line 10]. However, as stated earlier, we agree that in Breault the host does not Aselectively interact@ with the meter.

[48] As noted at _ 35, the differences between Breault and claim 2 are: providing a system in which each control system is associated with at least one postage meter; and the central computer selectively interacting with the postage meter.

[49] Regarding the former feature, as noted with respect to claim 1 (& 43), this was well known in the art.

[50] As for the latter feature, it represents a step that would have been obvious to the POSITA on the claim date for the reasons provided with respect to claim 1 (& 44).

[51] Taken together, these steps would have been obvious to the POSITA on the claim date.

Claim 3

[52] In response to the Final Action, the Applicant stated (at p 4 of the response), with respect to claim 3:

Claim 3 is dependent on claim 2 and is also, therefore, believed to be patentable and distinguish over the cited reference.

[53] Regarding the further difference identified at _ 36, transmitting the selected information from a selected postage meter to the central computer without storing the information in the inserter system control system, this merely represents an obvious alternative in transmitting the information from the postage meter to the central computer via the inserter

system control system. Whether the information is stored at the meter or is transferred to and stored at the control system is immaterial in this case, as long as it can be retrieved by the central computer. And with the implementation of the file servers and ECHOPLEX converter boxes, the central computer can access the information from the control system or the meter.

[54]   Taken together with the other steps, this would have been obvious to the POSITA on the claim date.

Claim 4

[55]   In response to the Final Action, the Applicant stated (at pp 4-5 of the response), with respect to claims 4 and 5:

> Claims 4 and 5 distinguish over the prior art for the same reasons as set forth above in connection with claims 1 and 2, and further in that Breault et al. fail to teach or suggest a computer coupled to each said control system of each said inserter via a file server adapted to selectively interact with the postage meter in order to replenish a preselected amount of postage funds. Examiner argues that Gilham et al. teach a computer that selectively interacts with one of multiple postage meters. While the use of remote postage data centres is known in the art, there is no teaching or suggestion in the art to use a computer, such as Applicant=s operating management system computer 100 to selectively interact with the postage meter for the purpose of replenishing funds from a remote postage data centre. Breault et al. require manual intervention with attendant economic consequences such as putting the inserter system Aoff-line@ while the operator is directly interacting with the postage meter (page 3, lines 4‑6 of Applicant=s specification). Gilham et al. do not rectify the deficiencies.
>
> Retraction of Examiner=s rejection of claims 4 and 5 under Section 28.3 of the Patent Act is respectfully requested.

[56]   As noted at _ 37, the differences between Breault and claim 4 includes the differences indicated with respect to claim 1, as well as: a remote data postage center for transmitting the preselected amount of funds in encrypted form to the at least one postage meter under control of the central computer; and the central computer being adapted to selectively replenish a preselected amount of funds to the at least one postage meter provided on each

inserter system.

[57]   The differences with respect to claim 1 have been dealt with at _ 41-45.

[58]   The idea of remotely replenishing a postage meter from a data postage center was admittedly well known in the art (see & 18), and exemplified by Gilham.

[59]   Regarding the features of the central computer being adapted to receive postage funds remotely and to then selectively replenish each postage meter, the motivation for so adapting the central computer was provided by the trend of centralizing the monitoring and controlling of mail operations (see & 14). As pointed out at & 15, a known problem in the art was lack of remote communication with the meter. Since this issue was solved by the ECHOPLEX protocol, known in the state of the art, the option of replenishing the meter through the central computer was then available, and selecting this option would have been a logical next step in view of the above-noted trend towards central control of mail operations. This option was also known from Gilham, which shows discrete replenishment of meters from a central computer. From this point, all that was required to realize the practical embodiment was to make the necessary changes to the programming in the system. As we stated with respect to claim 1, there would appear to have been no practical difficulties involved in making the changes. The lack of technical detail in the Applicant's specification with respect to this feature supports the panel's finding that enabling this feature was within the expected skill of the POSITA.

[60]   Taken together, these steps would have been obvious to the POSITA on the claim date.

Claim 5

[61]   As noted at _ 38, the differences between Breault and the essential elements of claim 5 are the steps of: providing a system in which each control system is associated with <u>at least one</u> postage meter; providing a data center having stored postage funds; selecting on the central computer at least one postage meter into which it is desired to have postage funds replenished; selecting an amount of postage funds that is to be replenished into the selected postage meter; coupling the central computer to the data center; transmitting a request for the selected postage funds from the central computer to the data center; transmitting the selected postage funds from the data center to the central computer; and transmitting the selected postage funds from the central computer to one of the inserter systems having the

selected postage meter such that the selected postage funds are replenished into the selected postage meter.

[62]   Regarding the feature of each control system being associated with at least one postage meter, as noted with respect to claims 1 and 2 (& 43, 49), this was well known in the art.

[63]   The remaining differences relate to the steps of replenishing of a meter from a remote data postage center through a central computer. These steps would have been obvious for the reasons provided with respect to claim 4 (& 59).

[64]   Taken together, these steps would have been obvious to the POSITA on the claim date.

OBVIOUSNESS: SUMMARY

[65]   For the foregoing reasons, we are led to the conclusion that the subject matter of claims 1-5 would have been obvious to the skilled worker on the claim date.

STATUTORY SUBJECT MATTER

[66]   Not all inventions that are useful, new and unobvious are entitled to patent protection. Certain types of subject matter are excluded from patentability.

[67]   The definition of invention is set out in section 2 of the *Patent Act*:

> "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.

[68]   The claims in dispute are directed to methods, and so we consider in particular the categories of Aart@ and Aprocess@.

[69]   The terms "art" and "process" in the definition of invention encompass methods, provided that such methods offer some advantage which is material, in the sense that the process belongs to a useful art as distinct from a fine art: *Lawson v Canada (Commissioner of Patents)* (1970), 62 CPR 101 (Ex Ct); *Tennessee Eastman Co v Canada (Commissioner of Patents)* (1970), 62 CPR 117 (Ex Ct).

[70]   Further, the meaning of the words "art" and "process" in the definition of "invention" are

circumscribed by the provision of subsection 27(8), excluding a "mere scientific principle or abstract theorem": *Tennessee Eastman Co v Canada (Commissioner of Patents)*, [1974] SCR 111, and it is clear that mental operations and processes are not the kind of processes that are referred to in the definition of invention: *Schlumberger Canada Ltd v Canada (Commissioner of Patents)*, [1982] 1 FC 845 (CA).

[71]   In the Final Action and Summary of Reasons, method claims 2, 3 and 5 were considered to fall outside the definition of invention in section 2 of the Act on the ground that the methods did not Amake or construct a vendible and tangible product, operate or use an inventive machine, article or composition, operate or use a machine, article or composition for an inventive use, or physically diagnose a living animal@, and thus they Ado not produce what the courts have called an essentially economic result relating to trade, commerce or industry@ (p 6 of the Final Action).

[72]   We must analyze the claims based on our understanding of the law as it currently stands. In the most recent Canadian Court decision concerning patentable subject matter in the area of computer-implemented inventions, *Canada (Attorney General) v Amazon.com Inc*, 2011 FCA 328, the Court stated, at & 62-63:

> [62]   *Schlumberger* exemplifies an unsuccessful attempt to patent a method of collecting, recording and analysing seismic data using a computer programmed according to a mathematical formula. That use of the computer was a practical application, and the resulting information was useful. But the patent application failed for want of patentable subject-matter because the Court concluded that the only novel aspect of the claimed invention was the mathematical formula which, as a "mere scientific principle or abstract theorem", cannot be the subject of a patent because of the prohibition in subsection 27(8).

> [63]   It is arguable that the patent claims in issue in this case could fail on the same reasoning, depending upon whether a purposive construction of the claims in issue leads to the conclusion that *Schlumberger* cannot be distinguished because the only inventive aspect of the claimed invention is the algorithmCa mathematical formulaCthat is programmed into the computer to cause it to take the necessary steps to accomplish a one-click online purchase. On the other hand, it is also arguable that a purposive construction of the claims may lead to the conclusion that *Schlumberger* is distinguishable because a new one-click method of completing an online purchase is not the whole invention but only one of a number of essential

elements in a novel combination. In my view, the task of purposive construction of the claims in this case should be undertaken anew by the Commissioner, with a mind open to the possibility that a novel business method may be an essential element of a valid patent claim.

[73] Having considered the guidance provided in the passages from *Amazon.com [FCA]*, we find that claims 2, 3 and 5 define a method of operating a mail processing system. The method steps utilize technology, and are sequenced to achieve the practical result of selectively interacting with, and replenishing, postage meters from a central computer. The claimed subject matter appears to fit comfortably within the statutory categories of "art" and "process", relating to a useful art as distinct from a fine art. The claims are not abstract since they cover a method requiring the use of technical features, thus providing a mode of practical application. Therefore, method claims 2, 3 and 5 are considered to be directed to subject matter falling within the definition of invention in section 2 of the *Patent Act*.

CLAIM INDEFINITENESS

[74] Subsection 27(4) of the *Patent Act* requires that the claims be drafted in clear language:

27(4) The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed.

[75] In the Final Action and Summary of Reasons, the Examiner considered claim 3 to be indefinite for the inclusion of the term Aa said@, which comprises both the indefinite article Aa@ and the definite article Asaid@, thus introducing ambiguity as to whether the element that it qualifies is the same as, or distinct from, an element defined earlier in the claim.

[76] In our view, the inclusion of this term renders the claim less clear than it ought to be, and contravenes s. 27(4) of the Act. If the claims had been found to be otherwise allowable, we would recommend that claim 3 be amended to avoid the ambiguity. But in view of the conclusions regarding obviousness, such a requirement is unnecessary.

SUMMARY

[77] In view of the foregoing, we conclude that, having regard to claims 1-5 currently on file:

X   claims 1-5 are obvious and thus do not comply with s. 28.3 of the *Patent Act*;

X   claims 2, 3 and 5 fit within the definition of invention set out in s. 2 of the Act and thus constitute statutory subject matter; and

X   claim 3 is indefinite and thus does not comply with s. 27(4) of the Act.

RECOMMENDATION OF THE PANEL

[78]   In view of the above findings, we recommend to the Commissioner that he refuse to grant a patent on this application.

Paul Fitzner   Paul Sabharwal   Stephen MacNeil
Member   Member   Member

DECISION OF THE COMMISSIONER

[79]   Having reviewed the application file and the reasons of the Patent Appeal Board, I concur with the findings and recommendation. Consequently, in accordance with section 40 of the *Patent Act*, I refuse to grant a patent on this application.

[80]   Under section 41 of the *Patent Act*, the Applicant has six months within which to appeal my decision to the Federal Court of Canada.

Sylvain Laporte
Commissioner of Patents

Dated at Gatineau, Quebec,
this 6th day of March, 2013