

Commissioner=s Decision #1341
D cision de la Commissaire #1341

TOPIC: J00, J70, O00
SUJET: J00, J70, O00

Application No. : 2,222,229
Demande n  : 2,222,229

COMMISSIONER'S DECISION SUMMARY

C.D. 1341, Application 2,222,229

Obviousness, Statutory Subject Matter

The examiner rejected the application for being obvious and for being directed to non-statutory subject matter.

The application was refused by the Commissioner of Patents.

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,222,229 was rejected by the examiner under Subsection 30(3) of the *Patent Rules*. The rejection has been considered by a panel of the Patent Appeal Board and by the Commissioner of Patents. The findings of the panel and the decision of the Commissioner are as follows:

Agent for the applicant

MARKS & CLERK
Suite 1800
280 Slater Street

OTTAWA Ontario

K1P 1C2

INTRODUCTION

- [1] This decision deals with a review by the Commissioner of Patents of the examiner=s Final Action (FA) on patent application number 2,222,229 which is entitled ASYSTEM AND METHOD FOR DISTRIBUTED CONTENT ELECTRONIC COMMERCE@. The current applicant is RPX Corporation [Applicant] and the inventor is James McKanna Gregory. The application was filed and a request for examination was received on November 25th, 1997. The application claims priority from a United States application filed on January 15th, 1997.

- [2] Following four examiner=s reports, the examiner in charge of the application issued a FA on November 20th, 2006 rejecting the application based on obviousness and non-statutory subject matter. Applicant submitted arguments in response to the FA on May 22nd, 2007.

- [3] Subsequent to the FA, on November 6th, 2008, the Supreme Court released its decision in *Sanofi-Synthelabo Canada Inc. v. Apotex Inc.* 2008 SCC 61 [*Sanofi*] which outlined a four-step approach to be followed when assessing the obviousness of a claim.

- [4] Also subsequent to the FA, on March 5th, 2009, the Commissioner set out an approach to be followed when assessing patentable subject matter under section 2 of the *Patent Act* in view of *Re Application 2,246,933 of Amazon.com Inc.* (2009) C.D. 1290 [CD 1290].

- [5] In a letter dated May 29th, 2009, Applicant was given the opportunity to address, in writing and/or at a hearing, obviousness in view of *Sanofi* as well as section 2 in view of the approach set out in CD 1290. Accompanying the letter was a Summary of Reasons (SOR) provided by the examiner which clarified the particulars of the rejection of the application for non-compliance with sections 28.3 and 2 of the *Patent Act*. In response to the letter, Applicant provided written submissions on August 28th, 2009.

- [6] In a letter dated January 19th, 2010, Applicant declined the opportunity for an oral hearing and requested that a decision without a hearing be rendered based on the written submissions.

- [7] On April 20th, 2010, the application was assigned from AT&T Intellectual Property II, L.P. to the current applicant, RPX Corporation.
- [8] On November 24th, 2011, the Federal Court of Appeal, in *Canada (Attorney General) v. Amazon.com Inc.*, 2011 FCA 328 [*Amazon FCA*], delivered a judgement pertaining to statutory subject matter which disagreed with the approach presented in CD 1290.
- [9] In a letter dated August 31st, 2012, the panel presented Applicant with the opportunity to comment on whether or not the subject matter of the claims of the present application is statutory in view of the draft office practice that was developed and consulted on post *Amazon FCA*. In this letter, the panel also identified a new reference which it considered relevant in establishing the common general knowledge of a person skilled in the art. The panel also made observations regarding the clarity of the specification. Applicant was given an opportunity to address the issues raised by the panel in writing and/or at a hearing. Applicant declined to provide any further submissions in a letter dated November 14th, 2012.

BACKGROUND

- [10] The present application sets out a system and method for electronic commerce (e-commerce) that separates detailed merchant content from transaction functionality over separate servers. A transaction server is connected over a network to one or more merchant servers. The transaction server provides purchasers with summary information on subscribing merchants and the products they offer. Purchasers desiring to obtain more detailed information about a specific product offered by a certain merchant can link directly to the corresponding merchant server through the transaction server. Once the purchaser selects an item for purchase from the merchant site, a purchase request is transmitted from the merchant server to the transaction server which processes the transaction for the selected item.
- [11] Applicant contends that traditionally, merchants were faced with the choice of either having to operate their own commerce server or purchase e-commerce services from a

commerce service provider. The former option resulted in merchants having to operate complex and expensive servers that provided both content and transaction functionality. The latter option caused the merchant to lose control over the manner in which business is conducted and information is presented by relinquishing it to the provider, and forced the provider to offer an e-commerce service that accommodates the varying requirements of each merchant (pages 1-3 of instant application).

- [12] In order to allow merchants and providers to overcome the problem of having to operate a complex e-commerce server that provides substantially all of the functionality needed to carry out buying and selling on a network (page 2, lines 4-6 of instant application), the present application offers a solution that involves splitting e-commerce functionality over multiple servers. Applicant proposes that by separating transaction functionality from detailed merchant content over separate servers, merchants and providers can each dedicate themselves to offering services within their areas of expertise, thus avoiding the operation of complex e-commerce servers.
- [13] An embodiment of the proposed invention is depicted in Figure 2 of the present application. Content servers (22) are controlled by merchants and provide detailed information about the merchants and the products they offer. The transaction server (23) (also known as the e-commerce server) is controlled by a transaction service provider and provides transaction functionality as well as access to merchant summary information (24) on products offered through the e-commerce system. Through a content searching means, the transaction server provides the purchaser (25) with the ability to search the merchant summary information for a desired merchant and product. The merchant summary information presented to the purchaser provides a link (through a URL or network address - page 17, lines 2-9 of instant application) to the merchant's website which the purchaser may access to obtain more detailed information about a specific product offered by that merchant. Once the purchaser has selected a product for purchase from the merchant site that they've accessed, a purchase request is transmitted from the merchant server to the transaction server (the description suggests that this may be accomplished by clicking on a "Make Purchases" button - page 18, lines 3-6 of instant application). The transaction server effectuates the transaction by retrieving the

necessary information from its own commerce database and interacting with external payment systems such as banks. The transaction server is able to generate reports for the purchaser and merchant based on a history of the transaction data.

CLAIMS

[14] The latest claim set is dated November 25th, 2004 and contains 15 claims. There are three independent claims directed to a method, transaction server and electronic commerce system.

[15] Claim 1 is as follows:

1. A method for conducting electronic commerce transactions in a transaction server storing merchant summary information connected over a network to a merchant server, said method comprising the steps of:
 - searching for general merchant information in the merchant summary information based on a received information request;
 - displaying results of the search;
 - providing reference to detailed merchant information stored on the merchant server;
 - receiving a purchase request from the merchant server for a selected product; and
 - processing the purchase request to form a purchase transaction.

[16] Dependent claims 2-9 set out further limitations related to the processing of the purchase request, the storage/retrieval of transaction records and payment information in/from a database, and the generation of transaction reports.

[17] Claim 10 is as follows:

10. A transaction server in an electronic commerce system for processing electronic transactions, said transaction server being connected to a merchant server via a network, the merchant server containing detailed information about products, said transaction server comprising:

a content searching means for enabling a purchaser to search through merchant summary information on all products available through the electronic commerce system;

a transaction processor for accepting from the merchant server and processing transaction requests from the purchaser; and

a database having stored thereon the merchant summary information about at least one subscribing merchant, the merchant summary information including a reference to the detailed information stored on the merchant server, the reference being provided based on a result of a search.

[18] Dependent claims 11-12 set out further limitations related to the transaction processor and a merchant interface used for the modification of the merchant summary information.

[19] Claim 13 is as follows:

13. An electronic commerce system for carrying out electronic transactions between a purchaser and at least one subscribing merchant over a network, said electronic commerce system comprising:

a transaction server for processing electronic transactions comprising:

a transaction processor for accepting transaction requests from the purchaser and processing the transaction requests;

a database having stored thereon merchant summary information about the at least one subscribing merchant;

a content searching means for enabling the purchaser to search through all products available through the electronic commerce system; and

at least one merchant server connecting to the transaction server over the network, said merchant server having a database for storing detailed product and merchant information;

wherein the merchant server forwards the transaction requests from the purchaser to the transaction processor.

[20] Dependent claims 14-15 set out further limitations related to the transaction processor and a merchant interface used for the modification of the merchant summary information.

ISSUES

[21] The following questions are before the panel:

- 1 Are claims 1-15 obvious under section 28.3 of the *Patent Act*?
- 2 Are claims 1-15 directed to non-statutory subject matter under section 2 of the *Patent Act*?

REFERENCES

Documents considered from the FA

[22] The following references are cited in the FA:

- D1: Internet site www.amazon.com, 1996
- D2: Publication CNET news APSINet joins commercial trend@, October 9th, 1996 (reference available from <http://news.cnet.com/2100-1017-236324.html>)
- D3: PCT International Application No 95/16971 (Gifford) published June 22nd, 1995
- D4: United States Patent No 5 557 518 (Rosen) published September 17th, 1996

Document introduced by the panel

[23] In a letter dated August 31st, 2012, the panel introduced the following document as relevant in establishing the common general knowledge of a person skilled in the art.

D5: Arthur M. Keller, ASmart Catalogs and Virtual Catalogs,@ in *International Conference on Frontiers of Electronic Commerce*, October 95; earlier version appeared in *USENIX Workshop on Electronic Commerce*, July 1995.

[24] D5 can be retrieved from: <http://infolab.stanford.edu/pub/keller/keller-papers.html>

OVERVIEW OF THE REFERENCES

[25] Regarding D1, the panel notes that it is not possible at this time to access or verify the functionality of the website as it existed in 1996. Therefore, in our analysis of the prior art, D1 will not be assessed as an applied reference.

[26] Before considering issues of obviousness and subject matter, a discussion of each of the references, D2 to D5, is in order.

Teachings of D2

[27] D2 discusses PSINet, an Internet service provider offering businesses an e-commerce service that allows them to sell their products on the Internet through the use of its web hosting service PSIWeb. PSIWeb adds back-end services since it already has the hardware required for processing e-commerce transactions. The article states the following:

PSIWeb eCommerce creates, integrates, and manages virtual storefronts for merchants who want to conduct commerce on the Internet without investing heavily in hardware and communications. Merchants control content and administration of their storefront.

The service integrates the secure payment system of CyberCash to process credit card transactions

and SoftCart virtual store technology from Mercantec.

The CyberCash payment system includes an electronic *Awallet*® for consumers, an electronic *Acash register*® for merchants, and a gateway service connected to existing bank networks for handling transactions.

SoftCart allows developers to create a complete shopping environment so that they can browse online and pay for purchases using secure payment methods such as CyberCash. SoftCart tracks purchases, creates invoices, calculates shipping and sales tax, and delivers completed orders directly to accounting systems.

Teachings of D3

- [28] D3 discloses a system for the purchasing of products (goods or information) over a computer network.

- [29] A primary objective of D3 is to *Aprovide* a user interactive network sales system in which the user can freely use any merchant of choice and utilize existing financial instruments for payment® (page 2, lines 16-19 of D3). D3 states that *Aat present* no merchant independent payment mechanism is available for computer networks that permits users to utilize conventional financial instruments such as credit cards, debit cards, and demand deposit account balances® (page 1, lines 26-30 of D3). D3 claims that in past systems, a user had to *Aestablish* an account with each merchant in advance in order to be able to utilize the merchant® (page 2, lines 8-9 of D3).

- [30] In the network sales system of D3, a user (purchaser) at a buyer computer sends a user inquiry for an advertisement to a merchant computer. The merchant computer retrieves the advertisement and sends it to the buyer computer for display. If the user desires to purchase the product described by the ad, a purchase request is communicated from the buyer computer to the merchant computer which then sends a payment order to a payment computer for authorization (Figure 6 of D3). In another embodiment, the buyer computer sends the actual payment order to the merchant computer for forwarding to the payment

computer. In yet another embodiment, the payment order is sent directly from the buyer computer to the payment computer (Figure 12 of D3). The payment computer interfaces with real time financial systems to effectuate the authorization (Figures 13 and 14 of D3). If authorization is issued, the merchant fulfills the product delivery.

Teachings of D4

- [31] D4 discloses a system for open e-commerce that allows customers to purchase electronic products or services from merchants on demand, in a secure and anonymous fashion.

- [32] The system comprises a merchant trusted agent (MTA) capable of establishing a cryptographically secure session with a customer trusted agent (CTA). The system also comprises a first money module that is capable of securely communicating with the CTA, and a second money module that is capable of securely communicating with the MTA and of establishing a cryptographically secure session with the first money module. Electronic merchandise is transferred from the MTA to the CTA but is provisionally retained and cannot be used until payment is made. To effectuate payment, the CTA provides first payment information to the first money module, the MTA provides second payment information to the second money module, and an amount of electronic money consistent with the first and second payment information is transferred from the first money module to the second money module. The electronic merchandise becomes accessible and retention is no longer provisional once the first money module informs the CTA that the money has been successfully transferred and the second money module informs the MTA that the money has been successfully received.

Teachings of D5

- [33] D5 discusses electronic catalogs, and in particular, virtual catalogs which dynamically retrieve information from multiple smart catalogs and present the product data in a unified manner. Section 4, titled *Virtual Catalogs*, presents a scenario wherein a retailer or distributor selling products from multiple manufacturers wishes to provide the consumer with access to detailed product specifications. Rather than replicating all the product

information of each manufacturer in its own catalog and incurring considerable storage and cost, D5 suggests that the typical current approach using the WWW is for the retailer to hyperlink to each manufacturer's catalog so that the customer may obtain detailed product specifications. D5 continues by listing the problems associated with the hyperlink approach:

There are several problems with the hyperlink approach. First, the customer may get lost within the manufacturer's webspace and not know how to get back to the retailer. Second, the manufacturer does not know the context of the customer's interactions with the retailer. Third, the customer may stumble upon a how-to-order page provided by the manufacturer, and wind up ordering from someone other than the original retailer. Fourth, if the customer does make it back to the original retailer by using the back button, no information determined at the manufacturer's site is carried along with the customer, such as the desired product configuration. Fifth, if the customer gets back to the retailer through the manufacturer's how-to-order page, the retailer does not know the original context of the interaction with the customer (e.g., other products selected for order in this same session).

- [34] D5 proposes to overcome these problems through the use of virtual catalogs which allow retailers to dynamically retrieve information from manufacturers' catalogs upon a consumer's request.

OBVIOUSNESS

Legal principles - Obviousness

- [35] As noted at paragraph [3], subsequent to the FA, the Supreme Court of Canada rendered its decision in *Sanofi*, in which the Court set out the approach to be followed in assessing obviousness, 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?

[36] As noted at paragraph [5], Applicant was given the opportunity to address *Sanofi* as per our letter dated May 29th, 2009.

References applied

[37] The references applied by the examiner are D2 in light of the common general knowledge in the art of e-commerce disclosed by either D3 or D4.

[38] As per our letter dated August 31st, 2012, Applicant was notified of additional evidence of common general knowledge (see D5).

Analysis - Are claims 1-15 obvious?

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

[39] In the SOR, the examiner defines the skilled person(s) as being skilled in the fields of electronic commerce, marketing and sales as well as computer programming. In response, Applicant comments that the person skilled in the art would be familiar with computer programming for web applications and that the person skilled in marketing and sales may not be skilled in electronic commerce and computer programming and vice versa.

[40] The panel notes that the notional skilled technician can be a composite (or team) of scientists, researchers and technicians bringing their combined expertise to bear on the

problem at hand (*Lundbeck Canada Inc. v. Minister of Health* 2009 FC 146). Therefore, the panel agrees with the examiner's characterization of a skilled person.

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

- [41] Regarding the common general knowledge, the examiner states that Athe skilled person understands electronic commerce including the concepts of purchase requests between entities for the fulfilment of an electronic transaction. The skilled person is also knowledgeable in computer programming techniques including modular design for the separation of different functionality@. In response, Applicant does not disagree but comments that Athe extent to which the skilled person is knowledgeable in modular design for the separation of different functionality would be according to the extent that such modular design was used in electronic commerce and web applications at the claim date of this application@.
- [42] The panel considers a skilled computer programmer to be familiar with many programming techniques and their possible areas of application, such as the common use of modular design for the division of functionality. We reiterate that the skilled person is a team with knowledge of computer programming as well as e-commerce. Therefore, the panel agrees with the examiner's characterization of the relevant common general knowledge of the skilled person.
- [43] The present application acknowledges that under current methods of carrying out e-commerce, merchants are able to purchase services from providers who have expertise in operating e-commerce hardware and software and who are forced to acquire, publish and maintain merchant content as well (pages 1-3 of instant application). Therefore, the panel notes that the ability of a transaction server to maintain and provide searchable merchant information, in addition to its conventional ability to process a purchase request to form a purchase transaction (as e-commerce servers are known to do), is also considered part of the common general knowledge.
- [44] In view of D5, the panel adds that the person skilled in the art is also familiar with what was

characterized in 1995 as “the typical current approach” of hyperlinking the retailer to each manufacturer’s catalog in order to provide a customer with access to detailed product specifications. Applicant elected not to provide any submissions in response to our letter dated August 31st, 2012 which identified D5 as a reference of common general knowledge and invited Applicant to consider section 4 of the document which specifically discusses the hyperlink approach. We take the lack of comment to mean that Applicant accepts our assessment of D5 as relevant in establishing the common general knowledge in the art before the claim date.

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

[45] The SOR identifies a single inventive concept for all the claims as follows:

Inventive concept relates to the separation of e-commerce transaction functionality and detailed merchant information by providing reference (from a transaction server) to detailed merchant information stored on the merchant server, and receiving a purchase request from the merchant server at the transaction server.

[46] In response, Applicant does not identify an inventive concept, but rather comments on the proposed advantages of the invention and its features. Having reviewed Applicant’s response, the panel considers these advantages to be implicit or embodied within the inventive concept provided by the examiner. As such, the assessment of ingenuity under step 4 takes these advantages into account.

[47] In determining whether the inventive concept identified by the examiner is correct, the panel first verifies whether it properly reflects the practical problem the invention sets out to address, and its solution. This is consistent with the office *Practice Notice on Obviousness* dated November 2nd, 2009 which notes that in light of subsection 80(1) of the

Patent Rules, the description shall...describe the invention in terms that allow the understanding of the technical problem, ..., and its solution@.

- [48] Although Applicant=s response does not provide a statement of the inventive concept, it does point to a specific passage in the description of the present application which is useful for the purpose of identifying the inventive concept. The passage identifies what Applicant considers to be the deficiency or problem in the prior art that the present application promises to overcome or solve:

Thus, under current methods of carrying out electronic commerce, the merchant whose expertise lies in producing and managing content is faced with the choice of operating and maintaining an expensive commerce server or losing control of his marketing to a provider. The provider, whose expertise lies in the acquisition and maintenance of electronic commerce hardware and software, must shoulder the burden of acquiring, publishing and maintaining merchant content. (page 3, lines 18-26 of instant application)

- [49] Applicant suggests that Aa better way of conducting electronic commerce is to allocate most of the task of content acquisition and maintenance to the merchant, and allocate most of the task of providing electronic commerce transaction functionality to the service provider@ (page 3, line 29 - page 4, line 2 of instant application). Applicant achieves this by providing Aa system for carrying out electronic commerce over a network where transaction functionality is provided by a commerce server having a commerce database, while detailed merchant content is provided on separate merchant content servers@ (page 4, lines 4-9 of instant application).

- [50] Based on Applicant=s own considerations of what deficiencies exist in the prior art, namely the merchant and provider being obligated to provide functionality outside of their areas of expertise, the practical problem addressed by the claims is in relation to how to overcome the complexities of operating a single server that provides all e-commerce functionality. The solution claimed involves the separation of e-commerce functionality over multiple servers by providing reference from a transaction server to a merchant server offering detailed merchant information and transmitting a purchase request from

the merchant server to the transaction server for processing. The panel therefore finds that the examiner=s characterization of the inventive concept is accurate and can be re-phrased in the following manner:

A method for conducting electronic commerce by: (i) providing, from a transaction server, reference to detailed merchant information stored on a merchant server; and (ii) receiving, at the transaction server, a purchase request from the merchant server for processing.

[51] The panel has reviewed claims 1-15 which, in addition to the inventive concept, set out limitations related to the processing of the purchase request, generation of reports, and modification of summary information. We find that all the claims share the same inventive concept since these further limitations do not contribute anything substantial to the inventive concept. Our finding accords with Applicant=s submissions which do not put forth any other distinguishing or inventive features. Therefore, we adopt the inventive concept, as stated at paragraph [50] above, for the purpose of assessing the obviousness of all the claims.

(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

[52] D2 reflects the state of the art. D3, D4 and D5 reflect the common general knowledge. For clarity of analysis, D3 and D4 are evaluated under step 3, and D5 is evaluated under step 4.

[53] Having reviewed the cited documents, the panel has identified differences between the state of the art and the inventive concept. For the reasons set out below, we find that D2-D4 do not teach: (i) providing, from a transaction server, reference to detailed merchant information stored on a merchant server; and (ii) receiving, at the transaction server, a purchase request from the merchant server for processing.

(i) *Providing, from a transaction server, reference to detailed merchant information stored on a merchant server*

- [54] The FA admits that D2 Adoesn=t teach that the transaction server provides a link to more detailed information on the merchant=s web site@.
- [55] According to D2 APSIWeb eCommerce creates, integrates, and manages virtual storefronts for merchants who want to conduct commerce on the Internet...Merchants control content and administration of their storefront@. PSIWeb eCommerce allows a merchant to control its storefront, but it is not clear that contents of the merchant server are actually accessible through any transaction server. In attempting to confirm this point, the panel discovered an article regarding PSINet that quotes a source (Eric Paulak, research analyst at Gartner Group, Inc.) as remarking that PSINet=s offering Ais good for online catalog shopping. But if you need to tap a merchant=s database, you can=t do it@ (Wexler, Joanie. APSINet takes E-commerce plunge.@ Network World 13.41 (1996): 8.). The panel takes this to mean that the merchant server and its contents are not accessible to the user through PSIWeb eCommerce. Therefore, D2 does not disclose a transaction server that provides reference to detailed merchant information stored on a merchant server.
- (ii) *Receiving, at the transaction server, a purchase request from the merchant server for processing*
- [56] D2 does not disclose a transaction server capable of receiving purchase requests from one or more merchant servers since, as paragraphs [54-55] above demonstrate, it does not teach a transaction server that links to one or more merchant servers. Moreover, the FA admits that D2 does not teach Areceiving a purchase request and processing the purchase request to form a purchase transaction@.
- [57] The examiner relies on D3 and D4 to demonstrate that the transmission of purchase requests is common general knowledge. The FA states that although D2 does not specifically teach Areceiving a purchase request and processing the purchase request to form a purchase transaction@, these are commonly practiced steps in e-commerce as taught by D3 or D4.

- [58] The systems of D3 and D4 operate differently than the system of the present application. According to the present application, a user accesses the transaction server directly, links to the merchant server through the transaction server to obtain more detailed information on a desired product, and then back to the transaction server with a purchase request for processing once a product selection is made.
- [59] In the system of D3, a user does not access the merchant computer through a transaction server, but rather, through the use of a buyer computer, retrieves merchant information directly from the merchant computer. Based on the retrieved information, either the user sends a purchase request for a desired product to the merchant computer which then constructs a payment order and sends it to a payment computer, or the user constructs the actual payment order at the buyer computer and sends it to the merchant computer for forwarding to the payment computer. The constructed payment order may also be directly sent from the buyer computer to the payment computer. The purpose of the payment computer is to perform authorization of payment orders.
- [60] In the system of D4, a Buyer Transaction Application (BTA) connects to the merchant server in order to browse the seller's merchandise and make a selection. Once a user selects a product for purchase, the BTA sends the identity of the desired product to the merchant server as well as a message to the Customer Trusted Agent with instructions to purchase the identified product. On the merchant side, a message is sent from the merchant server to the Merchant Trusted Agent with instructions to sell the identified product. The Trusted Agents communicate with each other and with their respective money modules to effectuate transfer of the merchandise and payment.
- [61] Since the purpose of the present application is to achieve separation of transaction functionality from detailed content over separate servers, in assessing how the division of functionality is accomplished in the cited art, it is necessary to determine which unit transmits the purchase request, which unit receives and processes the purchase request, and how the control flows between them. Although D3 and D4 do show that the transmission of electronic purchase requests is known, the panel agrees with Applicant in that neither D2, D3 nor D4 discloses transmitting a purchase request from a merchant computer to the

same transaction server that referenced or linked the customer to the merchant computer.

(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

[62] As discussed in step 3, D2-D4 do not teach: (i) providing, from a transaction server, reference to detailed merchant information stored on a merchant server; and (ii) receiving, at the transaction server, a purchase request from the merchant server for processing. The question therefore is whether or not there is any degree of invention in these steps.

(i) *Providing, from a transaction server, reference to detailed merchant information stored on a merchant server*

[63] D5, which represents the common general knowledge before the claim date, specifically states that the typical current approach using the WWW is for the retailer to hyperlink to each manufacturer's catalog so that the customer may obtain detailed product specifications. Therefore, a transaction server that provides reference to detailed merchant information stored on a merchant server is recognized by D5 to be common general knowledge.

(ii) *Receiving, at the transaction server, a purchase request from the merchant server for processing*

[64] Applicant's response to the SOR indicates that it is important that the transaction itself is performed by the transaction server, which originally referred the customer to the merchant. Otherwise, transactions originated by the transaction server could be referred anywhere by the merchant server for transaction processing, negating any benefit to the operator of the transaction server (page 3 of Applicant's August 28th, 2009 submission). Similarly, D5 recognizes that after visiting the manufacturer's catalog, there is a need to revert the customer back to the same retailer (transaction server) which originally linked the customer to the manufacturer (merchant server), presumably, in order

for the retailer to make the actual sale, thus benefitting from having engaged the customer and made the referral. D5 suggests that there are challenges in achieving this through the hyperlink approach, namely: 1) the customer may get lost at the manufacturer=s site and not know how to get back to the retailer; 2) the manufacturer may not know the context of the customer=s interactions with the retailer; 3) the customer may end up ordering from someone other than the retailer should they stumble upon a how-to-order page at the manufacturer=s site; 4) should the customer use the Aback@ button to return to the retailer=s site, none of the information determined at the manufacturer=s site, such as the desired product configuration, would be relayed to the retailer; 5) should the customer be linked back to the retailer through the manufacturer=s how-to-order page, the retailer may not know the original context of the interaction with the customer such as other products selected for order in the same session.

- [65] To overcome these challenges, D5 proposes a solution that avoids the use of the hyperlink approach altogether by providing a virtual catalog operated by a distributor that dynamically accesses information from manufacturers= catalogs, thus eliminating any direct contact between the consumer and the manufacturer. While the solution proposed by D5 is significantly different than that offered by the present application, in articulating the challenges associated with the current hyperlink approach, D5 also discloses, as common general knowledge, the step of (ii) receiving, at the transaction server, a purchase request from the merchant server for processing.
- [66] Of particular significance is the fifth challenge listed at paragraph [64] above, which recognizes the possibility of a customer being linked back to the retailer from the manufacturer=s how-to-order page using the hyperlink approach. It is presumed that once the customer has reached the manufacturer=s order page, the customer has already selected a product and is ready to make a purchase. Therefore, linking the customer back to the retailer at this stage to make an order, instead of ordering from the manufacturer or using the Aback@ button, implies that a purchase request is being transmitted from the manufacturer to the retailer with the necessary information for processing.
- [67] Admittedly, D5 does not detail how to achieve linking the customer back to the retailer through the manufacturer=s order page. It only recognizes the need and ability to do so.

However, the same can be said of the present application which promises to transmit a purchase request from the merchant server back to the transaction server for processing, but fails to disclose how this is accomplished or how a conventional merchant server can accommodate such functionality. In fact, the following excerpts taken from the description of the present application as well as submissions made by Applicant raise some confusion with regards to this matter:

A further advantage of the present invention is that any server having content may register with the commerce server without having to be designed specifically to take advantage of the service. Besides registering with the service, it is only necessary that the merchant enter content abstracts to the commerce server. (pages 12-13 of instant application)

Every screen of this embodiment of the content server also can have a Make Purchases button. The purchaser selects this button when he is ready to effectuate an electronic transaction whereby the selected products are purchased. When the purchaser has finished shopping and he selects the Make Purchases button, order information for his selected products is transmitted to the commerce server. (pages 17-18 of instant application)

In the claimed server and system this single physical entity of the typical electronic commerce system is split into two physical entities (i.e. the transaction server and the merchant server) with a network connecting the two servers. This splitting requires a revision in the manner in which products are searched, transactions are processed, purchaser interfacing is performed, and control flows. There is a necessary revision in the communication process and control flow as a result of the split. Each of the two resulting servers must be configured and designed in an entirely new manner to implement and enable the communication process, control flow and arrangement of networked hardware according to the claimed invention. (page 4 of Applicant=s August 28th, 2009 submission)

The claimed server and system also include a transaction processor in the transaction server for executing a transaction by accepting transaction requests forwarded by the merchant server from the purchaser. That element assures that the transaction itself is performed by the transaction server, which originally referred the customer to the merchant. Without that element, transactions originated by the transaction server could be referred anywhere by the merchant server for

transaction processing, negating any benefit to the operator of the transaction server. (page 3 of Applicant=s August 28th, 2009 submission)

- [68] According to the second passage listed at paragraph [67] above, a AMake Purchases@ button on the merchant server transmits order information back to the transaction server. One would assume that design changes to the merchant server are required to incorporate the functionality of such a button. The first passage however indicates that any merchant server can register without requiring specific design changes. If no adaptations are required, it is unclear how the conventional merchant server can communicate with the transaction server and benefit from the present invention, whether it be through a button or any other means. Moreover, this statement seems to contradict the third passage which suggests that the merchant server and transaction server must be configured and designed in an entirely new manner to take advantage of the present invention. If indeed this is true, it is not evident where such Aentirely new@ configuration and design changes are disclosed or claimed. Furthermore, it would be improper for the panel to supplement the disclosure in the present application with technical details disclosed in Applicant=s submission that are not reasonably inferable from the specification. The fourth passage seems to suggest that a transaction processor in the transaction server is responsible for assuring that the merchant server refers the purchase request back to the same transaction server. This too is neither claimed nor disclosed in the present application. The disclosure simply indicates that the transaction server accepts the purchase order from the merchant server but provides no further details on how it assures that the order is transmitted from the merchant server back to the same transaction server (page 18, lines 3-25 and page 20, line 44 - page 21, line 14 of instant application).
- [69] Therefore, in view of what is disclosed, it appears that the solution proposed by the present application is no more than a promise to meet the needs already identified by D5 or a statement of a desired result (i.e. the problems identified in D5 restated as being solved in the present application with no explanation in support of how). In other words, D5 recognizes that the hyperlink approach necessitates linking the customer back to the retailer to process the transaction. It even suggests that this may be done through the manufacturer=s how-to-order page, as opposed to simply using the Aback@ button, in order

for the activity that took place at the manufacturer's site to be relayed to the retailer. D5 recognizes that there are challenges in accomplishing this, however, the present application fails to specify how the challenges identified in D5 regarding the hyperlink approach are overcome. Therefore, it is not apparent what contribution the present application has made over the existing art. It is possible that the inventor considered that once the concept of splitting e-commerce functionality over separate servers was given to the skilled team, details behind the implementation would require no inventive effort, in which case, the panel would take this to mean that there is no degree of ingenuity in the inventive concept since D5 already discloses splitting e-commerce functionality over separate servers.

- [70] In its discussion of the Atypical current approach⁴ of hyperlinking, D5 discloses all elements of the inventive concept of the present application. There does not appear to be any inventive ingenuity in (i) providing, from a transaction server, reference to detailed merchant information stored on a merchant server and (ii) receiving, at the transaction server, a purchase request from the merchant server for processing. In view of D5, the panel considers all elements of the inventive concept to be part of the common general knowledge in the art. Therefore, the panel finds claims 1-15 to be obvious.

STATUTORY SUBJECT MATTER

Legal principles - Statutory subject matter

- [71] Not all inventions that are useful, new and unobvious are entitled to patent protection. Certain types of subject matter are excluded from patentability.
- [72] The definition of invention is set out in section 2 of the *Patent Act*.

⁴invention⁴ 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.

[73] To make a determination with respect to the section 2 question, the panel considers the most recent Canadian decision concerning patentable subject matter in the area of computer-implemented inventions, *Canada (Attorney General) v Amazon.com Inc*, 2011 FCA 328.

[74] In this decision, the Federal Court of Appeal stated, at paragraphs 62-63:

[62] *Schlumberger* exemplifies an unsuccessful attempt to patent a method of collecting, recording and analyzing 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 algorithm or mathematical formula that 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.

Analysis - Are claims 1-15 directed to non-statutory subject matter?

- [75] The panel invited Applicant to address *Amazon FCA* in our correspondence dated August 31st, 2012. Applicant did not make any submissions.
- [76] Considering the guidance in *Amazon FCA* (paragraphs 62, 63, 74) and *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66 (see paragraph 15), the interpretive task must distinguish and separate *Acomplex layers of definitions of different elements (or Acomponents@ or Afeatures@ or Aintegers@) of differing complexity, substitutability and ingenuity.@*
- [77] Under obviousness, we considered the practical problem addressed by the present application and found that the solution involves the separation of e-commerce functionality over multiple servers. Claim 1 recites *Aa transaction server storing merchant summary information connected over a network to a merchant server@* (the other independent claims use similar language). According to the application, the proposed solution involving two servers is an alternative to the traditional e-commerce system which relies on a single complex server providing both content and transaction functionality. This accords with the inventive concept of *Aproviding, from a transaction server, reference to detailed merchant information stored on a merchant server and receiving, at the transaction server, a purchase request from the merchant server for processing@*. As such, the involvement of a computer (in this instance, two computers or servers in communication over a network) is material to the manner in which the invention works.
- [78] Considering the guidance from the courts, the panel finds that, at the very least, having servers in communication over a network is essential to the invention. These statutory features are *Aone of a number of essential elements in a novel combination@* (see *Amazon FCA* at paragraph 63).
- [79] The network limitation being essential, the claimed subject matter not being merely abstract, and the subject matter not being otherwise excluded from patentability, the panel finds claims 1-15 to be compliant with section 2 of the *Patent Act*.

FINDINGS AND RECOMMENDATION

[80] The panel finds that:

1 Claims 1-15 are obvious and not compliant with section 28.3 of the *Patent Act*.

2 Claims 1-15 are compliant with section 2 of the *Patent Act*.

[81] The panel recommends that the rejection of the application be affirmed for non-compliance with section 28.3 of the *Patent Act* because claims 1-15 are obvious. We recommend that the application be refused in accordance with section 40 of the *Patent Act*.

[82] Accordingly, the panel recommends a refusal to grant a patent for this application.

C. Nasrallah
Member

P. Sabharwal
Member

A. Strong
Member

DECISION

[83] I concur with the Patent Appeal Board's findings that the claims are obvious and do not comply with section 28.3 of the *Patent Act* and its recommendation that the application be refused in accordance with section 40 of the *Patent Act*.

[84] Accordingly, I refuse to grant a patent on this application. Under section 41 of the *Patent Act*, 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 28th day of March, 2013