

Commissioner's Decision #1433

Décision du commissaire #1433

TOPICS: O00 Obviousness

SUJETS: O00 Évidence

Application No: 2,440,661

Demande no: 2 440 661

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,440,661, having been rejected under subsection 30(3) of the *Patent Rules* (SOR/96-423), has consequently been reviewed in accordance with paragraph 30(6)(c) of the *Patent Rules*. The recommendation of the Board and the decision of the Commissioner are to refuse the application.

Agent for the Applicant

FINLAYSON & SINGLEHURST
700 – 225 Metcalfe Street
OTTAWA Ontario
K2P 1P9

INTRODUCTION

- [1] This recommendation concerns the review of rejected Canadian patent application number 2,440,661, which is entitled “SYSTEMS AND METHODS FOR INITIATING RETURNS OVER A NETWORK.” The application is owned by United Parcel Service of America, Inc. (“the Applicant”). A review of the rejected application has been conducted by the Patent Appeal Board (“the Board”) pursuant to paragraph 30(6)(c) of the *Patent Rules*.
- [2] As explained in more detail below, our recommendation is that the Commissioner of Patents refuse the application.

BACKGROUND

The Application

- [3] Patent application 2,440,661 (“the instant application”) was filed in Canada on March 13, 2002 under the provisions of the *Patent Cooperation Treaty* and was laid open to the public on September 19, 2002.
- [4] The instant application relates to a method and system for providing shipping labels to customers who wish to return a purchased item to a merchant, particularly in respect of an online return request system. In the present case, in response to a request to return an item from a customer, a return application on a computer server extracts shipping information from the return request and uses that information to create an activation-capable label delivery hyperlink that is sent to the customer. When activated, the link causes the application to dynamically generate an appropriate shipping label that the customer may then use to return the item.

Prosecution History

- [5] On December 12, 2014, a Final Action (“FA”) was written pursuant to subsection 30(4) of the *Patent Rules*. The FA stated that the instant application is defective on the ground that the claims on file at the time of the FA (“claims on file”) would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*.
- [6] In a June 3, 2015 response to the FA (“R-FA”), the Applicant submitted proposed claims 1-43 (“proposed claims”) as well as arguments in favor of non-obviousness.
- [7] As the Examiner considered the application not to comply with the *Patent Act*, pursuant to paragraph 30(6)(c) of the *Patent Rules*, the application was forwarded to the Board for review on November 4, 2015 along with an explanation outlined in a Summary of Reasons (“SOR”). The SOR indicated that both the claims on file and the proposed claims were defective as having been obvious.
- [8] In a letter dated November 5, 2015, the Board forwarded to the Applicant a copy of the SOR and offered the Applicant the opportunity to make further submissions and/or attend an oral hearing.
- [9] In a written communication dated January 29, 2016 (“R-SOR”), the Applicant declined the opportunity for an oral hearing but did provide further written submissions for consideration.
- [10] In a preliminary review letter (“PR letter”) dated May 11, 2017, the Panel set out its preliminary analysis of the obviousness issue with respect to both the claims on file and the proposed claims. The PR letter also offered the Applicant the opportunity to make further submissions.

[11] In a response to the PR letter dated June 12, 2017 (“R-PR”), the Applicant acknowledged receipt of the PR letter and declined to make any further submissions.

ISSUES

[12] The issue to be resolved from the FA is whether claims 1-45 on file would have been obvious.

[13] If the claims on file are considered to have been obvious, we may turn to the proposed claims 1-43 and consider whether they constitute amendments necessary for compliance with the Act and Rules.

LEGAL PRINCIPLES AND OFFICE PRACTICE

Claim Construction

[14] In accordance with *Free World Trust v Électro Santé Inc*, 2000 SCC 66, essential elements are identified through a purposive construction of the claims done by considering the whole of the disclosure, including the specification and drawings (see also *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at paragraphs 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice*, revised June 2015 (CIPO) at §13.05 [MOPOP], the first step of purposive claim construction is to identify the person skilled in the art and their relevant common general knowledge (“CGK”). The next step is to identify the problem addressed by the inventors and the solution put forth in the application. Essential elements can then be identified as those required to achieve the disclosed solution as claimed.

Obviousness

[15] The *Patent Act* requires that the subject matter of a claim not be obvious to a person skilled in the art. Section 28.3 of the *Patent Act* provides:

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.

[16] In *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61 at paragraph 67, the Supreme Court of Canada stated that it is useful in an obviousness inquiry to use the following four-step approach:

- (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?

ANALYSIS

Claim Construction

[17] In the PR letter we explained why in the present case we had not undertaken a construction of the claims:

[i]n the present case, we have not determined which of the elements of the claims are essential and which are not, as the result of our analysis under obviousness would not be affected by the omission of any non-essential elements. Even considering all the elements of the claims, we are of the preliminary opinion (below) that claims 1-45 on file would have been obvious. Further, as there are no issues associated with the meaning of the claim language on record, nor have we identified any, we have not undertaken the construction of any terms or expressions in order to clarify their scope.

Obviousness

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

[18] In the PR letter we adopted the characterization of the person skilled in the art used in the FA, which was not disputed by the Applicant in the R-FA or the R-SOR:

[i]n the Final Action (FA) at page 2, the Examiner stated that the person skilled in the art “which may be a team, is skilled in the field of e-commerce including shipping and returns functionality. The skilled person is also skilled in the field of general purpose computing technology.”

[19] As there was no submission on this point in the R-PR, we adopt the above characterization of the person skilled in the art for the purpose of this review.

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

[20] In the PR letter we set out a list of the relevant points of CGK:

- Knowledge of well-known on-line purchase practices and their advantages and disadvantages, including the increased likelihood of returning purchased items due to an inability to inspect an item before purchase (instant application at page 1)
- Knowledge of a typical return transaction process where a customer contacts a merchant via email or phone to inform them of the return. The merchant then produces a shipping label which is sent to the customer, along with packaging instructions for return. The package may then be deposited with a carrier (instant application at page 1)
- Knowledge that the above process is time consuming and costly in terms of personnel and delays in processing, with possible additional delays due to lost labels (instant application at pages 1-2)
- Knowledge of an alternative return transaction process associated with on-line shopping where merchants generate labels for every item sold and enclose them with the product (instant application at page 2)
- Knowledge that while the above alternative process eliminates many delays associated with returns, the process makes it difficult for a merchant to control the return process, leading to issues such as inventory management problems (instant application at page 2)
- Knowledge of the desirability of eliminating delays in such processes while allowing for merchant control (instant application at page 2)
- Knowledge of general purpose computing systems including client/server systems and appropriate computer programming techniques (FA at page 2)
- Knowledge of commonly known communication protocols including HTTP and HTTPS, as well as the use of browsers, hyperlinks and URL addresses (instant application at page 10)
- Knowledge of commonly known electronic file types such as GIF (graphical interchange format), EPL2 (Eltron programming language) and PDF (portable document format (instant application at page 11)
- Knowledge of the use of Java servlets associated with a URL to perform server-side processing (instant application at page 21)
- Knowledge of how to electronically generate a shipping label (instant application at page 16)

[21] We also responded to the Applicant's contention in the R-FA and R-SOR that it was improper to incorporate material from the Applicant's disclosure into the relevant CGK, particularly in relation to the final two points set out above:

[i]n our view the final two points are fairly taken to have been part of the CGK given that they are described as "well known" in the instant application. Such admissions are binding on the Applicant (*Astra Zeneca Canada Inc v Apotex Inc*, 2014 FC 638 at paragraph 227). We note however that these differ slightly from the characterization used in the FA in that these points do not assert that the generation of a shipping label using a URL link to servlets is part of the CGK, which is consistent with the position of the Applicant in the R-FA and R-SOR.

[22] None of the above was disputed by the Applicant in the R-PR. We therefore adopt it for the purpose of this review.

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

[23] In the PR letter, we indicated that the inventive concept of claim 1 on file as set out in the FA, which we took as representative of the independent claims, is essentially a reproduction of the claim itself. We also indicated that regardless of whether or not the inventive concept is something less than the claim, it would not affect our preliminary opinion that claim 1 on file would have been obvious. The inventive concept was set out as:

- an online return application being in electronic communication with a merchant application configured to generate a return service request comprising shipping information in response to a request from a customer to return a good previously purchased from a merchant;
- said online return application configured to receive said return service request and in response to receiving said return service request:
 - extract said shipping information from said return service request;
 - store said shipping information in memory;
 - create an activation-capable label delivery link associated with said return service request and configured to enable generation of a shipping label upon activation thereof;

- assign a package tracking number to said label delivery link; and
- send an electronic mail to said customer, said electronic mail comprising said label delivery link in an un-activated form,
- wherein said online return application is further configured to, upon activation of said label delivery link:
 - retrieve said package tracking number;
 - retrieve said shipping information from said memory based on said package tracking number;
 - generate a shipping label based at least in part on said shipping information; and
 - electronically deliver said shipping label to said customer.

[24] None of the above was disputed by the Applicant in the R-PR, and so we take the inventive concept of claim 1 on file to be that as set out above and to be representative of the other independent claims. We consider below the features of the dependent claims as necessary.

(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

[25] In the PR letter, the following prior art references were applied in the assessment of obviousness:

D1: "UPS Unveils Advanced Online Returns Solution", Business Wire, September 20, 2000.

D2: EP 0 969 389 Published: January 5, 2000 Kitayama et al.

[26] In the PR letter, we also set out our preliminary opinion that we agreed with the differences set out in the FA between the state of the art (best represented by D1) and the inventive concept of claim 1 on file:

[i]n the FA at page 5, the difference between the “state of the art”, best represented by D1, and the inventive concept set out above, was identified as the label delivery link not being “activation-capable”, that the link is sent to the customer in “un-activated form.” According to the FA it was unclear whether or

not the shipping label described in the D1 is generated upon activation of the link described therein, or whether the link simply directs the user to a location where a previously generated shipping label is stored. The inventive concept of claim 1, above, requires that the label be “dynamically” generated at the time of activation of the label delivery link by a customer.

The Applicant did not dispute the difference identified in the FA, either in the R-FA or the R-SOR, and we agree that since it is unclear from the D1 reference whether or not activation of the link to the shipping label causes the generation of the label or merely retrieval of it, the above difference is applicable and will be assessed at step (4). The features of the dependent claims will be discussed as needed below.

[27] None of the above was disputed by the Applicant in the R-PR. Therefore, we will assess the above difference at step (4) below and as needed any additional features of the other claims.

(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?

[28] In the PR letter, we set out our preliminary opinion that it would have been obvious to the person skilled in the art, in light of prior art document D2 and the CGK, to modify a returns system such as that of prior art document D1 so that a customer is sent a label delivery link that when activated, causes a shipping label to be dynamically generated:

[p]rior art document D1 discloses an on-line return system developed by UPS in which a customer initiates a return request on a merchant website. After processing of the request by the merchant according to their business rules, the system generates a request to the UPS system for an appropriate label to be used in returning a purchased item. As disclosed at paragraph 11 of this document, the label may be made instantly available to the customer on their monitor or a customer service representative may email a URL to a customer, which URL directs the customer to the label. The system also provides for 24/7 tracking by a customer of an item returned, with tracking information linked with information on the label.

There is clearly a link between the merchant on-line application and that of UPS, as information must be exchanged between the two in order to produce the label (e.g., customer name, address, etc.), as is specified in claim 1.

D1 at paragraphs 9 and 11 also discloses multiple-destination routing such that the returned item may be directed to various locations depending on the nature of the item returned (e.g., if defective, returned to the manufacturer or if simply returned without a defect, returned to the merchant for re-stocking).

The other document cited in the FA, D2, discloses a method of dynamically generating electronic documents based on an independent set of data objects, the attributes of a display device used to format the display of the data objects in a way suitable for the particular display device (see e.g., D1 at paragraph [0020]). The documents (e.g., HTML documents) are generated in response to a display request using a mechanism known as CGI (Common Gateway Interface) or by means of a servlet (D2 at paragraph [0076]). The display request is initiated by means of a URL or link (D2 at paragraph [0077]). This method is proposed to address the problems associated with past methods, such as the system storage required when many electronic documents are pre-generated to account for multiple display device types (D2 at paragraph [0006]). D2 also discusses advantages of the disclosed method such as increased server-side processing, thereby reducing the processing needs of a client terminal, and the ability to adapt the information requested to any type of client terminal.

It is our preliminary view that it would have been obvious to the skilled person, aware of both D1 and D2 and the CGK, to modify a system such as that of D1 to send a customer a label delivery link, which upon activation, dynamically generates the appropriate shipping label, rather than retrieving one previously generated. In our view, the skilled person would have seen this as a known option in implementing the method of D1, an option with known advantages, as described above in relation to D2.

Although D2 does not specifically focus on the generation of shipping labels, such labels, created in an on-line application, also represent electronic documents created in response to a user request, like those generally described in D2. Being aware of D1 and D2, the skilled person, in our view, would have immediately recognized the available option of dynamically generating the shipping labels when requested, as opposed to storing them for later retrieval, with the concomitant advantage of reduced system storage requirements, as highlighted in D2. As recognized in Sanofi at paragraph 69, the choice of such an option from a finite number of predictable solutions does not indicate inventive ingenuity.

[29] With respect to the other independent claims 16, 38 and 39 on file, we set out in the PR letter our preliminary view that these claims would also have been obvious:

[w]ith regard to independent claims 16 and 38 on file, since we are of the preliminary view that representative claim 1 would have been obvious, we are also of the view that these claims would have been obvious to the skilled person, given that they include minor variations on claim 1 (e.g., reference to a “consignee” as opposed to a “merchant” and delivery of the label to a browser as a specific form of electronic delivery). The Applicant has not highlighted any particular features which would significantly differentiate these claims from claim 1.

With respect to claim 39 on file, in the FA, this claim was distinguished from the other independent claims by the fact that in this embodiment of the return method, when the customer activates the label delivery link sent to them, the shipping label is printed at a carrier facility rather than being electronically delivered to the customer for printing. Thereafter, the label is delivered to the customer where it can be affixed to a package for delivery by the carrier.

In our view, this variation on the method would also have been obvious to the skilled person. Given that we are of the preliminary view that the dynamic generation of the shipping label would have been obvious in an embodiment where the label is electronically delivered to the customer, printing the label at a carrier location and having it delivered to a customer would also have been obvious. The reason is that it was known from the CGK that one past option for supplying return shipping labels was to supply them on request to a customer, the labels being obtained by a merchant from a carrier. In our view, the method of claim 39 merely substitutes a commonly known delivery option for the shipping label in place of the more direct electronic delivery method, which is the focus of most of the claims on file.

[30] With respect to the dependent claims, we indicated in the PR letter that in our preliminary view, these would also have been obvious as they represent variations that are commonly known elements of a label delivery method, stating that:

these claims specify common variations in image file formats, the specification of commonly known features such as use of a browser or URL link, as well as the inclusion of known information in a shipping label such as tracking number, merchant ID and label creation date. We also note that the Applicant did not assert the inventive ingenuity of any features of the dependent claims.

[31] Again, we note that there has been no submission in respect of any of the above points in the R-PR.

[32] In the absence of submissions from the Applicant and for the reasons given above, we conclude that claims 1-45 on file would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*.

Proposed Claims 1-43

[33] In the PR letter we set out our preliminary opinion that the proposed claims 1-43 would also have been obvious, despite their focus on the online return application software being located on a “carrier server” as opposed to a “merchant server”, as well as the specification that the shipping information needed for the request includes both the customer and merchant addresses.

[34] In the PR letter, we explained that by specifying a carrier server, the Applicant has merely restricted the claims to one example of a third party that may host the return application, with claim 1 on file already contemplating such third party hosting. We explained that from the point of view of any third party server application, the shipping information must include both the customer and merchant addresses, regardless of whether this is explicitly set out in the claims, since a returned item will be shipped to and from someone other than the third party (e.g., the carrier) itself:

Independent claims 1, 16, 38 and 39 on file already specify that the online return application is separate from a merchant application and that subsequent to a return request from a customer, shipping information is included with a return service request sent by the merchant application to the online return application. From the point of view of the online return application, which is supplied with information from the merchant application, the shipping information must include both customer and merchant addresses since the package will ultimately be returned to the merchant or some other address rather than a third party such as a carrier.

In proposing to amend the independent claims to specify that the online return application is located on a carrier server, the Applicant has merely restricted the

claims to one example of such a third party. The proposed amended language “said online return application [located on a carrier server] being configured to receive a return service request comprising shipping information in response to a request from a customer to return a good previously purchased from a merchant”, does not exclude the scenario where a customer initiates a return request on a merchant website, with the merchant server then sending the shipping information to the online return application residing on the carrier server. In this way, the proposed amendments do not distinguish the claims from the D1 document, where the online return application residing on a UPS server receives shipping information from a merchant, who receives a return request from a customer. In any of these scenarios, any third party generating the shipping label must necessarily know the addresses of both the customer and the merchant in order to produce an appropriate label.

[35] Again, there was no submission on our preliminary view as to the obviousness of the proposed claims.

[36] Therefore, for the reasons set out above, we conclude that proposed claims 1-43 would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*. As such, they do not overcome the defect under obviousness for the claims on file and are therefore not “necessary” for compliance with the *Patent Act* and *Patent Rules* as required by subsection 30(6.3) of the *Patent Rules*.

CONCLUSIONS

[37] We have determined that claims 1-45 on file would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*. We have also determined that proposed claims 1-43 do not overcome the obviousness defect and therefore the introduction of these claims does not constitute a specific amendment that is “necessary” pursuant to subsection 30(6.3) of the *Patent Rules*.

RECOMMENDATION OF THE BOARD

[38] In view of the above, the Panel recommends that the application be refused on the basis that the claims on file, namely claims 1-45, would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*.

[39] Further, proposed claims 1-43 do not overcome the obviousness defect and therefore the Panel declines to recommend the introduction of these claims since they do not constitute a specific amendment that is “necessary” pursuant to subsection 30(6.3) of the *Patent Rules*.

Stephen MacNeil
Member

Ed MacLaurin
Member

Leigh Matheson
Member

DECISION

[40] I concur with the conclusions and recommendation of the Patent Appeal Board that the application be refused on the ground that claims 1-45 on file would have been obvious and therefore non-compliant with section 28.3 of the *Patent Act*.

[41] Therefore, in accordance with section 40 of the *Patent Act*, I refuse to grant a patent on this application. Under section 41 of the *Patent Act*, the Applicant has six months within which to appeal my decision to the Federal Court of Canada.

Johanne Bélisle
Commissioner of Patents

Dated at Gatineau, Quebec,
this 29th day of November, 2017