

Commissioner's Decision No. 1457

Décision du commissaire n° 1457

TOPICS: C00 Adequacy or Deficiency of Description
J50 Mere Plan
O00 Obviousness

SUJETS: C00 Caractère adéquat or inadéquat de la description
J50 Simple plan
O00 Évidence

Application No. 2,484,818

Demande n° 2 484 818

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,484,818, having been rejected under subsection 30(3) of the *Patent Rules*, has subsequently been reviewed in accordance with paragraph 30(6)(c) of the *Patent Rules*. The recommendation of the Patent Appeal Board and the decision of the Commissioner are to refuse the application if the necessary amendments are not made.

Agent for the Applicant:

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INTRODUCTION

- [1] This recommendation concerns the review of rejected patent application number 2,484,818, which is entitled “A Tax Refund System” and is owned by European Tax Free Shopping Limited. The substantive defects to be addressed are whether the claimed subject-matter is not patentable, whether the claimed subject-matter would have been obvious and whether the specification is insufficient.
- [2] 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*. As explained in more detail below, our recommendation is that the Applicant be notified that claims 1-12 as proposed in the letter of July 4, 2017 are “necessary” amendments under subsection 30(6.3) of the *Patent Rules* for compliance with the *Patent Act* and *Patent Rules*.

BACKGROUND

The application

- [3] Patent application 2,484,818 (the “instant application”), based on a previously filed Patent Cooperation Treaty application, is considered to have been filed in Canada on March 18, 2003 and laid open on September 25, 2003.
- [4] The instant application relates to methods and systems for the identification of persons potentially eligible for tax refunds and the processing of such tax refunds.

Prosecution history

- [5] On November 18, 2014, a Final Action (“FA”) was written pursuant to subsection 30(4) of the *Patent Rules*. The FA rejected the instant application on the grounds that:
- claims 1-25 on file encompass subject-matter that lies outside the definition of “invention” and thus do not comply with section 2 of the *Patent Act*;

- claims 1-25 on file would have been obvious to the person skilled in the art and do not comply with section 28.3 of the *Patent Act*; and
- the specification does not correctly and fully describe the invention and thus fails to comply with paragraph 27(3)(d) of the *Patent Act*.

- [6] In a February 18, 2015 response to the FA (“R-FA”), the Applicant proposed an amended set of 16 claims (the “first set of proposed claims”) and submitted arguments for allowance. In particular, the Applicant contended that the first set of proposed claims is directed to a patentable category of invention, would not have been obvious in view of the references cited in the FA, and is enabled by the specification.
- [7] As the Examiner considered the application not to comply with the *Patent Act*, the application was forwarded to the Board for review on June 13, 2016, pursuant to subsection 30(6) of the *Patent Rules*, along with a Summary of Reasons (“SOR”). The SOR maintained the rejection of the application concluding that the specification does not correctly and fully describe the invention. The SOR made no further comments on the non-statutory subject-matter defect and obviousness defect in view of the first set of proposed claims.
- [8] With a letter dated July 13, 2016, the Board sent the Applicant a copy of the SOR and offered the Applicant the opportunities to attend an oral hearing and to make further written submissions. The Applicant confirmed on October 12, 2016 that it wished to proceed with an oral hearing. In a letter dated July 4, 2017, the Applicant responded to the SOR (“R-SOR”) and proposed claim amendments (the “second set of proposed claims”) arguing that the application should be allowed.
- [9] A Panel was formed to review the application under paragraph 30(6)(c) of the *Patent Rules* and to make a recommendation to the Commissioner as to its disposition.
- [10] In a letter dated November 28, 2017 (the “Panel Letter”), we set out a preliminary analysis and rationale as to why, based on the written record, the claims on file encompass subject-matter within the definition of “invention” and thus comply with section 2 of the *Patent Act* and that the specification is sufficient and thus compliant

with the requirements of both subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*. However, it was our preliminary view that the subject-matter of the claims on file would have been obvious and thus do not comply with paragraph 28.3(b) of the *Patent Act*. The Panel letter also explained that the second set of proposed claims did not meet the requirements of a “necessary” amendment under subsection 30(6.3) of the *Patent Rules*.

- [11] The Applicant, in a letter dated February 16, 2018, provided written submissions in response to the Panel Letter (the “Reply Letter”). The Applicant maintained that the subject-matter of the claims on file would have been non-obvious.
- [12] In an oral hearing held March 5, 2018, the Applicant further expanded upon the submissions in the Reply Letter.

ISSUES

- [13] The issues to be considered by this review are:
- Whether the claims on file define subject-matter falling outside the definition of “invention”, thus non-compliant with section 2 of the *Patent Act*;
 - Whether the subject-matter defined by the claims on file would have been obvious to a person skilled in the art, thus non-compliant with paragraph 28.3(b) of the *Patent Act*; and
 - Whether the specification is insufficient, thus non-compliant with both the requirements of subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*.
- [14] Our recommendation below provides a review of the Panel Letter positions and details the Panel’s further considerations of the Applicant’s submissions in its Reply Letter and at the oral hearing.

LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

Purposive construction

[15] In accordance with *Free World Trust v. Électro Santé*, 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 v. Camco*, 2000 SCC 67 [*Whirlpool*] at paragraphs 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice*, revised June 2015 (CIPO) [*MOPOP*] at §13.05, the first step of purposive claim construction is to identify the person skilled in the art and his or her relevant common general knowledge (“CGK”). The next step is to identify the problem addressed by the inventor and the solution put forth in the application. Essential elements can then be identified as those required to achieve the disclosed solution as claimed.

Non-statutory subject-matter

[16] 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.

[17] Following the Federal Court of Appeal decision in *Canada (Attorney General) v. Amazon.com, Inc.*, 2011 FCA 328, the Office released an examination memo “Examination Practice Respecting Computer-Implemented Inventions” PN2013-03 (CIPO, March 2013) [*PN2013-03*] that clarified the Office’s approach to determining if a computer-related invention is statutory subject-matter.

[18] As stated in *PN2013-03*, Office practice considers that where a computer is found to be an essential element of a construed claim, the claimed subject-matter will generally be statutory. Where, on the other hand, it is determined that the essential elements of a construed claim are limited to matter excluded from the definition of invention (for example, the fine arts, methods of medical treatment, mere ideas,

schemes or rules, etc.), the claimed subject-matter will not be compliant with section 2 of the *Patent Act*.

Obviousness

[19] The *Patent Act* requires that the subject-matter of a claim not be obvious. Section 28.3 of the Act provides as follows:

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.

[20] In *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61 [*Sanofi*] at para 67, the Supreme Court of Canada stated that it is useful in an obviousness inquiry to follow 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?

Lack of sufficiency

[21] Section 84 of the *Patent Rules* and subsection 27(3) of the *Patent Act* are related since both are concerned with the relationship between the disclosure and the scope of the claims.

[22] Section 84 of the *Patent Rules* states that “[t]he claims shall be clear and concise and shall be fully supported by the description independently of any document referred to

in the description”. The courts have provided little judicial interpretation of section 84 of the Rules, or any of its predecessor equivalents.

[23] Subsection 27(3) of the *Patent Act* reads as follows:

27(3) The specification of an invention must:

- (a) correctly and fully describe the invention and its operation or use as contemplated by the inventor;
- (b) set out clearly the various steps in a process, or the method of constructing, making, compounding or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it pertains, or with which it is most closely connected, to make, construct, compound or use it;
- (c) in the case of a machine, explain the principle of the machine and the best mode in which the inventor has contemplated the application of that principle; and
- (d) in the case of a process, explain the necessary sequence, if any, of the various steps, so as to distinguish the invention from other inventions.

[24] The courts have indicated that sufficiency of disclosure primarily relates to two questions that are relevant for the purpose of paragraphs 27(3)(a) and 27(3)(b) of the *Patent Act*: i) What is the invention? and ii) How does it work? (*Consolboard v. MacMillan Bloedel*, [1981] 1 SCR 504 at 526, 56 CPR (2d) 145 at 157). With respect to each question, the description must be correct and full in order that when the period of the monopoly has expired, the public, having only the specification, will be able to make the same successful use of the invention as the inventor could at the time of his application, without having to display inventive ingenuity or undertake undue experimentation.

ANALYSIS

Overview of the instant application

[25] The Panel Letter at pages 5-6 provided an overview of the instant application:

The instant application relates to methods and systems for the delineation of persons eligible for tax refunds and/or the processing of such tax refunds. Government imposed taxes on goods and services (commonly referred to as a value added tax (“VAT”)) are

only payable by persons resident in the country and do not apply to goods being exported. Typically, persons exporting goods pay the VAT at the point of sale and subsequently reclaim the VAT paid. Existing processes for obtaining a VAT refund are cumbersome and the instant application concludes there is a need for an improved system for processing VAT refund claims, met by the present invention through an improved payment card system (instant application, pages 1-4).

Independent claim 1 on file is directed to a tax refund transaction record system:

1. A tax refund transaction record system comprising a payment card system suitable for performing payment card transactions at a point of sale, the card system comprising:

a display for displaying information to a card system user,
at least one data capture device for receiving card details from a cardholder,
a tax recognition module for processing the received card details and determining whether a tax refund record may be generated for a transaction from the processed card details,
an indication receiving element for receiving an indication that a tax refund record is required in response to a determination that a tax refund record may be generated for the transaction, and
a record generation module for generating the tax refund record in response to a received indication that a tax refund record is required for the transaction and for communicating this generated tax refund record to at least one associated record output device.

Independent claim 18 on file is directed to a method of processing tax refunds on transactions with a card payment system:

18. A method of processing tax refunds on transactions with a card payment system, the method comprising the steps of:

obtaining payment card details of a payment card for a transaction;
processing the card details for determining whether a tax refund record may be generated for the transaction;
in response to a determination that the tax refund record may be generated for the transaction, generating the tax refund record;
associating the tax refund record with a unique customer identifier and storing the associated tax refund record, and
in response to receiving a request to process generated tax refund records, extracting stored associated tax refund, and
aggregating and outputting the associated tax refund records.

Independent claim 24 is directed to a computer system implementing the claimed method steps.

Dependent claim 25 further restricts the computer system of claim 24 to a payment card terminal or point of sale device.

The remaining dependent claims provide further limitations:

- on the record output device (claims 2-5);
- to notify the user that a tax refund record may be generated (claim 6);

- on the card details and other input data that are used to determine whether a tax refund record may be generated (claims 7-13 and 19-23);
- to determine if the transaction amount exceeds a minimum level for generating a tax refund amount (claim 14);
- to prompt the user to determine whether they desire a refund claim form (claim 15); and
- on the input and output means of the terminal (claims 16 and 17).

Purposive construction

The person skilled in the art

[26] The Panel Letter at pages 7-8 characterized the person skilled in the art as follows:

...the person skilled in the art is a team comprising: a tax refund specialist familiar with international tax refund schemes and the identification of those who may qualify for a refund; a payment card processing specialist familiar with applying and refunding taxes on goods purchased; and a computer/software programmer familiar with international tax refund schemes.

[27] The Reply Letter at page 2 agreed that the person skilled in the art would comprise a tax refund specialist familiar with international tax refund schemes and the identification of those who may qualify for a refund and a computer/software programmer familiar with international tax refund schemes.

[28] However, the Applicant in both its Reply Letter and its submissions at the oral hearing disagreed that it would be reasonable to include a team member skilled in payment card technology. Referring to *MOPOP* §15.02.02a that the person skilled in the art can represent a team whose knowledge is relevant to the invention, the Applicant argued that payment card processing is outside the art of the person ordinarily skilled in areas relating to the field of the invention, namely, computers and methods and systems for processing tax refunds (instant application, abstract). The Reply Letter at page 3 further submitted that such a team member is unrealistic and is included only with impermissible hindsight “on the basis of the solution rather than starting with the problem to be solved by a person who was skilled in VAT refunds and computer processes”.

[29] The Panel’s view is that the person skilled in the art may be knowledgeable of, and thus characterized by, the technical fields involved by the solution. This view is supported by Office practice and jurisprudence.

[30] *MOPOP* states that the specification is directed to the person skilled in the art (also supported in jurisprudence, for example, *Whirlpool* at paragraph 53) and that “the description must indicate the technical field of the invention and must allow an understanding of the technical problem being addressed and the solution to that problem through the invention” (*MOPOP* §9.02.02, emphasis added).

[31] *Whirlpool* at paragraph 42 also supports a position that the person skilled in the art must be able to “construct or use” the invention:

...the patentee must describe the invention “with sufficiently complete and accurate details as will enable a workman, skilled in the art to which the invention relates, to construct or use that invention when the period of the monopoly has expired”:
Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd., [1981] 1 S.C.R. 504, at p. 517.

[32] Given that the claimed invention in this case involves payment card processing systems, in our view, the person skilled in the art would only be able to understand, construct or use the invention if that person had skill with payment card processing systems.

[33] Furthermore, as described in the next section on CGK, the Applicant identified in the R-SOR that the CGK includes knowledge of payment processing systems and knowledge of the integration and interfaces between payment processing systems and point of sale systems. Such knowledge could not be ascribed to the CGK of a person skilled only in international tax refund schemes and related computer programming. Such skills reside in the team member having skills in payment card processing systems.

[34] The Applicant in the Reply Letter at page 2 stated:

Of course such a person would be aware that goods may be purchased by a payment card, by cash or by cheque. At the claim date there were certainly payment card processing specialists in existence, but no “payment card processing specialist *familiar with applying and refunding taxes on goods purchased*”. [Emphasis in the original.]

[35] We view this submission as indicating that our identification of the person skilled in the art for this team member was too specific in its definition. We agree that this particular qualification on the payment card processing specialist is not appropriate.

[36] In light of the above, we revise our preliminary characterization of the person skilled in the art as a team comprising: a tax refund specialist familiar with international tax refund schemes and the identification of those who may qualify for a refund; a payment card processing specialist; and a computer/software programmer familiar with international tax refund schemes.

[37] We adopt this revised characterization of the person skilled in the art for the purposes of this review.

The common general knowledge

[38] The Panel Letter at page 8 identified the following items as CGK of the person skilled in the art based on submissions by the Applicant in view of the background of the invention:

- knowledge of value added tax, sales tax or purchase tax (collectively referred to as “VAT”) schemes in different jurisdictions;
- knowledge of VAT refunds available to residents within a certain geographical area and method of obtaining VAT refunds;
- knowledge of payment processing systems and customs validation;
- knowledge of integration and interface between payment processing systems and point of sale systems; and
- knowledge of computer programming techniques and used in making software that runs on a point of sale terminal.

[39] The Reply Letter did not contest any of these items and we adopt these items as part of the CGK.

[40] In addition to these items, the Panel Letter at page 9 also identified a further CGK element, that is, knowledge of a payment card’s issuer identification number (IIN) and knowledge of a registry of IINs that identifies the issuer of a payment card:

A payment card number has two parts: an issuer identification number ("IIN"), sometimes referred to as a bank identification number ("BIN"), and an individual account identification number (see *Payment card number*, Wikipedia, https://en.wikipedia.org/wiki/Payment_card_number). Payment card numbers, including the associated application and registration procedures for payment cards numbers, have been standardized in accordance with ISO/IEC 7812 since 1989. The registration authority for IINs is the American Bankers Association and the application for registration includes the issuer's address, main industry and VAT number (see *ISO/IEC 7812*, Wikipedia, https://en.wikipedia.org/wiki/ISO/IEC_7812 and the *Application / Agreement for Issuer Identification Number*, available from the American National Standards Institute, available at: <https://share.ansi.org/shared%20documents/Other%20Services/Registration%20Programs/IIN-registration.pdf>).

In light of this information, the Panel's preliminary view is that the person skilled in the art as identified above would also have knowledge of IINs and knowledge of a registry of IINs that identifies the issuer of a payment card.

[41] With respect to this particular CGK element, the Reply Letter at page 4 stated:

The Panel takes the view that the skilled person would have knowledge of issuer identification numbers ("IINs") and knowledge of a registry of IINs that identifies the issuer of a payment card. Whilst that is true, the IIN identifies the issuer of the card, but a card issuer (a bank) can issue cards to persons who are not resident in their jurisdiction, and so this knowledge would appear to the skilled person to be either of no use to the skilled person, or it misleads the skilled person. [Emphasis added.]

[42] The Applicant's response thus explicitly acknowledges this element, the IIN identifies the issuer of the card, as CGK. However, one broader issue as raised by the Applicant in the Reply Letter and in the oral hearing is whether it is CGK that the information on a conventional payment card can be used to *identify the jurisdiction of the cardholder* to determine VAT refund eligibility of the cardholder. As this consideration lies at the crux of our obviousness analysis, we consider this particular issue under the *Sanofi* step (4) portion of the obviousness analysis below.

[43] In light of the above, in our view, the CGK includes:

- knowledge of value added tax, sales tax or purchase tax (collectively referred to as "VAT") schemes in different jurisdictions;
- knowledge of VAT refunds available to residents within a certain geographical area and method of obtaining VAT refunds;

- knowledge of payment processing systems and customs validation;
- knowledge of integration and interface between payment processing systems and point of sale systems;
- knowledge of computer programming techniques and used in making software that runs on a point of sale terminal; and
- knowledge of IINs and knowledge of a registry of IINs that identifies the issuer of a payment card.

The problem to be solved

[44] Based on a review of the instant application and the R-SOR, the Panel Letter stated on page 10 the problem as:

From these passages [of the description], it appears that the existing VAT refund process requires the retailers/merchants/suppliers to manually identify customers that may be eligible for a VAT refund and, if eligible, complete a claim form that the customer receives and subsequently presents to a Customs official for verification. The passages also imply that a customer may know if their purchase is eligible for a VAT refund and self-identify as such to the retailer/merchant/supplier to receive the tax refund claim form. In either case, the passages highlight that the existing process to identify a customer eligible for a VAT refund is manually performed and laborious.

The person skilled in the art, considering the application as a whole in light of the CGK, would see the current process of identifying customers eligible for a VAT refund as a manual, paper-driven process that is inconvenient, time consuming and has a heavy administrative burden. Given these observations, in our preliminary view, the problem as seen by the skilled person is to improve the existing manual, paper-driven process with a more convenient and efficient process to identify whether a customer is eligible for a VAT refund.

[45] The Applicant did not contest this characterization of the problem. However, at the oral hearing, it was clarified that the government has exclusive authority to determine eligibility for a tax refund for individuals exporting goods. Rather, the problem addressed by the instant application is to automatically identify whether a customer is *potentially* eligible for a VAT refund.

[46] With this in mind, we adopt for the purposes of this review that the problem, as seen by the person skilled in the art, is to improve the existing manual, paper-driven

process with a more convenient and efficient process to identify whether a customer is potentially eligible for a VAT refund.

The solution proposed

[47] The Panel Letter at page 11 identified the solution to the problem as follows:

The instant application indicates that the problems identified in the existing process to identify whether a customer is eligible for a VAT refund (instant application, pages 1-4) are solved by a payment card system that incorporates new functionality to automatically determine whether a cardholder is eligible for a VAT refund (instant application, pages 4-7).

Based on the problem identified and the instant application, our preliminary view is that the skilled person would not view the solution as a mere accounting procedure, but rather would view the solution as an improved payment card system that automatically identifies whether a customer is eligible for a VAT refund.

[48] The Applicant did not contest this characterization of the solution.

[49] We adopt for the purposes of this review that the solution, as seen by the person skilled in the art, is an improved payment card system that automatically identifies whether a customer is potentially eligible for a VAT refund.

The essential elements

[50] Addressing the essential elements, the Panel Letter at pages 11-12 stated:

As explained above, in our preliminary view, the solution is directed to an improved payment card system to automate the identification of customers eligible for a VAT refund. The computer embodiment is essential: without it, the advantages associated with automatic identification based on payment card details at the point of sale system would be lost and the identified problem would not be solved.

In our preliminary view, the following elements are essential to automatically identify whether a cardholder is eligible for a VAT refund:

- independent claim 1: a payment card system comprising:
 - at least one data capture device for receiving card details from a cardholder; and
 - a tax recognition module for processing the received card details and determining whether a tax refund record may be generated for a transaction from the processed card details.
- independent claim 18: a method of processing tax refunds with a card payment system, the method comprising the steps of:

- obtaining payment card details of a payment card for a transaction; and
- processing the card details for determining whether a tax refund record may be generated for the transaction.

The essential elements of independent claim 18 apply, *mutatis mutandis*, to claims 24 and 25.

Dependent claims 7-12 and 19-23 provide further limitations, namely, the specific payment card details and other input data that refine the essential elements to automatically determine whether a cardholder is eligible for a VAT refund. The remaining dependent claims recite further limitations on elements not essential to the solution identified.

[51] The Applicant in its Reply Letter and in its submissions at the oral hearing submitted that in addition to the essential elements identified by the Panel, with respect to independent claim 1, the essential items include further elements: an indication receiving element and a record generation module.

[52] Notwithstanding the Applicant's submission regarding additional essential elements, the Panel views that two essential elements are common to all claims on file.

[53] The first common essential element is the computer embodiment of the improved payment card system, recited for example as "data capture device for receiving card details" of independent claim 1 and "obtaining payment card details" of independent claim 18. As we will explain further below, this essential element is determinative of the statutory subject-matter analysis.

[54] The second common essential element is the "processing the card details for determining whether a tax refund record may be generated for the transaction". As we will explain further below, this essential element is determinative of the obviousness analysis.

Meaning of terms used in the claims

[55] Although most of the terms used in the claims are clear to the skilled person, the meaning of the term "card details" is significant to the obviousness analysis. The description of the instant application defines the term as:

- a specific code: an issuer code (instant application, page 5), a country code (instant application, page 6), a bank sort code (instant application, page 22) or a currency code (instant application, page 23);
- a country identifier (instant application, page 5);
- a portion of the card number (instant application, page 6);
- “details that directly or indirectly facilitate delineation of the country of residence and/or the potential eligibility of customer” (instant application, page 6); and
- details that may be entered manually (instant application, page 28), inferred to mean details that are available to those entering the details, such as a card number or portion thereof.

[56] As dependent claim 7 further refines “card details” as an “issuer code”, according to the principle of claim differentiation, the “card details” recited in independent claim 1 is thus construed as encompassing any of the meanings as gleaned from the instant application.

Non-statutory subject-matter

[57] As construed above, the essential elements include an improved payment card system that receives payment card details used to automatically identify whether a cardholder is potentially eligible for a VAT refund. As we have identified in this review that at least one essential element is the computer embodiment of the improved payment card system, we view that the subject-matter of the claims on file encompasses at least one element within the definition of “invention”. As the subject-matter is not limited to matter excluded from the definition of invention (for example, the fine arts, methods of medical treatment, mere ideas, schemes or rules, etc.), the claims on file comply with section 2 of the *Patent Act*.

Obviousness

Sanofi step (1)(a) – Identify the notional person skilled in the art and step (1)(b) – Identify the relevant common general knowledge of that person

[58] We adopt the characterizations of the person skilled in the art and the CGK as identified above.

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

[59] The Panel Letter identified that the inventive concept resides in the combination of identified essential elements.

[60] Although the Applicant made submissions regarding the essentiality of elements beyond those elements identified as essential in the Panel Letter, we view that, as identified above in this review, at least the following element is common and essential to all claims: “processing the card details for determining whether a tax refund record may be generated for the transaction”.

Sanofi step (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

[61] The Panel Letter identified document D1 (US Patent Number 6,003,016 to Hagemier published December 14, 1999), cited in the FA, as representing the “state of the art” in the *Sanofi* step (3) analysis.

[62] According to its abstract, D1 discloses:

A value added tax card to be used in expediting refund of value added tax on purchases. The method of refunding includes establishing computerized personal accounts and associated value added tax cards. Each personal account and value added tax card has associated therewith the purchaser's name, address, country of residence and passport number. A photograph of the purchaser appears on the value added tax card. The card is presented at the time of purchase to the seller who then sends the credit to the computerized personal account equal to the charged value added tax.

[63] D1 describes (column 3, lines 39-56) how the VAT card data is used to identify the cardholder as eligible for a VAT refund:

The method refunding the VAT on purchases made in the foreign country comprises a plurality of steps. The first step is to establish 20 a computerized personal account (FIG. 2) including the purchaser's name, address, country of residence and passport number. The computer would, as previously described, include a plurality of computerized personal accounts. The method next includes the step of issuing 21 a VAT card to the holder having appearing on the face thereon data corresponding to the personal data contained in computer 10 for the personal account assigned thereto. That is, the issuing authority issues a VAT card having appearing thereon not only the photograph of the holder but also the holder's name, address, country of residence, passport number and passport expiration date. In the case of separate VAT and credit cards, the issuing authority issues a credit card corresponding to the same account as the VAT card. Alternatively, the issuing authority may issue a combined VAT and credit card.

- [64] In our view, in D1, VAT card data such as the address or country of residence is used to identify the cardholder as potentially eligible for a VAT refund. This discloses the claimed “card details” in the instant application when the meaning of this term is “details that directly or indirectly facilitate ... the potential eligibility of customer” to a tax refund (instant application, page 6).
- [65] Such an analysis, in our view, applies to claims 1-6, 12-21 and 24-25 which broadly recite “card details”. Claims 22 and 23 further refine “card details” as a portion of the card number and a country code, respectively, both of which are also disclosed by the D1 VAT card data.
- [66] However, claims 7-11 narrow the recited “card details” to an issuer code. In our view, while the D1 VAT card details, such as the cardholders’ address or country of residence information, are used to identify the eligibility of the cardholder for a VAT refund, D1 does not disclose the use of an issuer code for that purpose.
- [67] In light of this analysis, we view that at least one difference between D1 and the identified essential element of claims 7-11 is the use of an issuer code as the card detail used for identifying whether the cardholder is potentially eligible for a VAT refund.

Sanofi step (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?

[68] As mentioned previously, the Applicant in the Reply Letter and at the oral hearing submitted that although the CGK includes IINs and its associated registry, this information only identifies the issuer's address, not the cardholder's country of residence:

The Panel takes the view that the skilled person would have knowledge of issuer identification numbers ("IINs") and knowledge of a registry of IINs that identifies the issuer of a payment card. Whilst that is true, the IIN identifies the issuer of the card, but a card issuer (a bank) can issue cards to persons who are not resident in their jurisdiction, and so this knowledge would appear to the skilled person to be either of no use to the skilled person, or it misleads the skilled person. (Reply Letter, page 4)

...

Even if the applicant were to accept the Panel's notional person skilled in the art, this person would know that a credit card identifies the bank issuer's country not the person's country and would disqualify payment cards as solving the problem. As set out in D1, the problem is solved by creating personal accounts and value added tax cards for each individual which have associated therewith the purchaser's name, address, country of residence and passport number (as well as a photograph on the valued added tax card). The unique customer identifier is not enough without the present invention's matching of VAT class codes. (Reply Letter, page 6)

[69] Having reconsidered the matter in view of the Applicant's submissions in its Reply Letter and its further explanations provided at the oral hearing, the Panel now views that it would not have been obvious to the person skilled in the art to use an issuer code to identify the eligibility of a cardholder for a VAT refund. The CGK knowledge of IINs and an associated registry would, at best, provide the jurisdiction of the issuer, not the cardholder's country of residence, as submitted by the Applicant.

[70] Therefore, it is our view that the step of processing the card details for determining whether a tax refund record may be generated wherein the card details is an issuer code as recited in claims 7-11 would require a degree of invention by the person skilled in the art.

[71] We therefore view that claims 7-11 on file comply with paragraph 28.3(b) of the *Patent Act*.

Lack of sufficiency

[72] The Panel Letter at pages 14-15 reviewed the written record and provided the following assessment of the specification in light of subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*:

In the Panel's preliminary view, the person skilled in the art would understand the invention and how it works, based on the disclosure of well-known components such as a point of sale payment card system, in the adaptations and configurations described in the instant application. Thus, the specification discloses in sufficient detail the invention and how it works.

We conclude that the specification is compliant with both the requirements of subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*.

[73] The Applicant did not contest this preliminary view in its submissions in the Reply Letter or in its submissions at the oral hearing.

[74] We therefore view that the specification is sufficient, thus complying with both the requirements of subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*.

Proposed claims

[75] As this review has determined that the rejected application does not comply with the *Patent Act* and *Patent Rules*, we consider the Applicant's latest proposed claims, the second set of proposed claims submitted in the R-SOR.

[76] The second set of proposed claims 1-12 amends independent claim 1 on file such that the amended claim is directed to a point of sale terminal generally consisting of the elements of independent claim 1 on file and further including the limitations generally corresponding to dependent claims 7-11 on file.

[77] As stated above, since the Panel considers that claims 7-11 on file are non-obvious, it follows that the second set of proposed claims are also non-obvious.

[78] Also, the Panel considers that the analysis of the claims on file with respect to statutory subject-matter and sufficiency of the specification equally apply to the second set of proposed claims.

[79] Therefore, we consider that the second set of proposed claims are considered “necessary” amendments under subsection 30(6.3) of the *Patent Rules* for compliance of the application with the *Patent Act* and *Patent Rules*.

CONCLUSIONS

[80] This review has determined that:

1. the claims on file define subject-matter falling within the definition of “invention” in section 2 of the *Patent Act*;
2. the subject-matter defined by claims 7-11 on file would have been non-obvious to a person skilled in the art, thus these claims complies with paragraph 28.3(b) of the *Patent Act*; and
3. the specification is sufficient, thus complying with both the requirements of subsection 27(3) of the *Patent Act* and section 84 of the *Patent Rules*.

[81] This review also considers that the proposed claims as presented in the Applicant’s letter of July 4, 2017 are considered “necessary” amendments under subsection 30(6.3) of the *Patent Rules* for compliance of the application with the *Patent Act* and *Patent Rules*.

RECOMMENDATION OF THE BOARD

[82] We recommend that the Applicant be notified, in accordance with subsection 30(6.3) of the *Patent Rules*, that the deletion of the claims on file and the insertion of the proposed claims as presented in the letter of July 4, 2017 are “necessary” for compliance of the application with the *Patent Act* and *Patent Rules*.

Lewis Robart
Member

Leigh Matheson
Member

Andrew Strong
Member

DECISION OF THE COMMISSIONER

[83] I concur with the findings and the recommendation of the Panel. In accordance with subsection 30(6.3) of the *Patent Rules*, I hereby notify the Applicant that the following amendments and only the following amendments must be made in accordance with paragraph 31(b) of the *Patent Rules* within three (3) months of the date of this decision, failing which I intend to refuse the application:

- delete the claims on file and insert claims 1-12 as proposed in the letter of July 4, 2017.

Johanne Bélisle

Commissioner of Patents

Dated at Gatineau, Quebec,

this 20th day of July , 2018