

Commissioner's Decision No. 1474
Décision du commissaire n° 1474

TOPICS: J-00 Meaning of Art
J-50 Mere Plan

SUJETS: J-00 Signification de la technique
J-50 Simple plan

Application No. 2342012
Demande n° 2342012

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2342012, 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.

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INTRODUCTION

- [1] This recommendation concerns the review of rejected patent application number 2342012, which is entitled “Device and method for determining fair share in profits to be given back for network content data having advertisements” and owned by Sony Corp. The outstanding defect indicated by the Final Action (FA) is that the claims do not define statutory subject matter, contrary to section 2 of the *Patent Act*. The Patent Appeal Board (the Board) has reviewed the rejected application pursuant to paragraph 30(6)(c) of the *Patent Rules*. As explained below, our recommendation is to refuse the application.

BACKGROUND

The application

- [2] Canadian patent application 2342012 was filed on March 26, 2001 and has been open to public inspection since September 30, 2001.
- [3] The application relates to means for determining profits to be given to a provider of network content having advertisements where the profits are proportionate to the number of times the content has been accessed by users.

Prosecution history

- [4] On June 7, 2016, an FA was issued pursuant to subsection 30(4) of the *Patent Rules*. The FA indicated the application to be defective on the ground that claims 1 to 36 (i.e. all claims on file) are directed to subject matter outside the definition of invention and thus do not comply with section 2 of the *Patent Act*.
- [5] In its December 6, 2016 response to the FA (RFA), the Applicant submitted arguments for allowance and proposed an amended set of 21 claims (the first proposed claims) which included more explicit reference to user registration, uploading content and a scheduling screen for selecting conditions for the inclusion of advertisements with particular content.
- [6] The Examiner did not consider the amendments to remedy the subject matter defect and was not persuaded by the Applicant’s arguments to withdraw the rejection. The Examiner also considered the first proposed claims to introduce a typographical defect.

- [7] Therefore, pursuant to subsection 30(6) of the *Patent Rules*, the application and the Examiner's Summary of Reasons were forwarded to the Board for review. On January 20, 2017, the Board forwarded a copy of the Summary of Reasons, with a letter acknowledging the rejection, to the Applicant. The Applicant responded on April 20, 2017 requesting the review to proceed.
- [8] A Panel was formed to review the rejected application under paragraph 30(6)(c) of the *Patent Rules* and to make a recommendation to the Commissioner as to its disposition. Following our preliminary review, we sent a letter on October 3, 2018 (the PR letter) presenting our analysis and rationale as to why, based on the record before us, we did not consider the subject matter of the claims on file (as well as of the first proposed claims) to comply with section 2 of the *Patent Act*.
- [9] The Applicant responded to the PR letter on October 31, 2018 (RPR) by proposing another set of 21 claims (the second proposed claims) and submitting further written arguments for allowance.

ISSUES

- [10] The first issue addressed by this review is whether the claims on file define subject matter falling within the definition of invention in section 2 of the *Patent Act*.
- [11] Since, as explained below, we determined the claims on file to be defective, the second issue is then whether the second proposed claims would constitute a necessary specific amendment under subsection 30(6.3) of the *Patent Rules*.

LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

Purposive construction

- [12] In accordance with *Free World Trust v Electro Santé Inc*, 2000 SCC 66 [*Free World Trust*], 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 paras 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice*, revised April 2018 (CIPO) at §13.05 [*MOPOP*], the first step of purposive claim construction is to identify the skilled person and his or her 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 elements of the claimed matter that are fundamental to the disclosed solution.

- [13] Referring to the test for essentiality outlined in *Free World Trust*, the RPR contended that for an element to be non-essential, “a substituted variant or an omission of an element must perform substantially the same function in substantially the same way to obtain substantially the same result” or the intent of the inventor as expressed in the claims must be for the element to be non-essential.
- [14] *Canada (AG) v Amazon.com*, 2011 FCA 328, at paragraphs 43, 44, 47, 61 to 63 and 69, shows that a claimed practical application or embodiment may nonetheless not be part of the essential elements of a claimed invention. As explained in *MOPOP* at §13.05.02c, not every element having a material effect on the operation of a given practical embodiment is essential to the solution: some recited elements define the context or environment of the embodiment but do not actually change the nature of the solution. Accordingly, purposive construction must consider which elements are fundamental to the solution proposed by the description and underlying the claimed embodiment.

Statutory subject matter

- [15] 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.
- [16] “Examination Practice Respecting Computer-Implemented Inventions,” PN2013–03 (CIPO, March 2013) [PN2013–03] clarifies the Patent Office’s approach to determining if a computer-related invention is statutory subject matter.
- [17] As explained in *PN2013–03*, where a computer is found to be an essential element of a construed claim, the claimed subject matter is not a disembodied invention (e.g. a mere idea, scheme, plan or set of rules, etc.), which would be non-statutory.

ANALYSIS

Purposive construction

The skilled person

[18] In the PR letter, we accepted the definition from the FA of the notional skilled person as a person or team including personnel in marketing and advertising for content providers working in cooperation with information technology personnel skilled in computerized systems for providing content.

[19] The Applicant has not disputed this definition and we adopt it here as well.

The CGK

[20] The following references, having arisen during our preliminary review, were identified as relevant in the PR letter:

- D1: US 5721827 February 24, 1998 Logan et al.
- D2: WO 99/60504 November 25, 1999 Landsman et al.

[21] Based on the above identification of the skilled person, on the description of the state of the art in the application (pages 1 to 3, 9 to 14; figures 1 to 3), on the description of the state of the art in D2 (pages 5 to 20) and on the description of the distribution of advertisements in D1 (columns 5, 10, 11 and 25), we identified the following as CGK in the PR letter:

- advertisements associated with content;
- design, implementation, operation and maintenance of computer components, devices, networks and computer applications, including:
 - World Wide Web and other Internetwork protocols; and
 - general and special-purpose computers, computing devices, processors and user interfaces;
- receipt by an Internet service provider (ISP) of remuneration proportionate to the number of times an advertisement has been accessed where the advertisement is presented with content served by the ISP;
- means for performing the calculations and processing needed for such receipt to occur; and
- web advertisements in the form of click-through banner advertisements and alternatives, such as interstitial advertisements and the insertion of

advertising segments into a downloadable compilation of programming segments.

[22] The Applicant has not disputed this identification and we adopt it here as well.

The problem and solution

[23] The PR letter presented our preliminary view of the problem as being that content providers do not receive remuneration proportionate to the number of times the advertisements included with their content have been accessed. The PR letter thus presented the solution as being the creation of points proportionate to the number of times particular content with advertisements is accessed. The points are used in subsequent “profit give-back” processing to determine fair benefits for the content provider. The PR letter added that the solution does not appear to be directed to the computer implementation of the method or scheme for awarding points to content providers and using them to determine profits.

[24] The Applicant disagreed with these definitions, arguing in its RPR that the definition of the problem was overly narrow and oversimplified:

If it is required to identify problems described in the description, at least the following problems can be identified at pages 2–3 of the specification:

- A problem with the conventional computer network system is that content creators do not receive a share of the ISP’s profits proportionate to the number of accesses of the content [creators’] content.
- A problem with the conventional computer network system is that it is necessary to let the banner advertisement be clicked.
- A problem with the conventional computer network system is that it is not an easy job to create a homepage with a banner advertisement with the personal computer where a homepage creator is forced to follow complicated operations in order to provide a content via the computer network. [Emphasis in original.]

[25] The RPR also contended that these problems are associated with a conventional computer network system and that the application accordingly proposes an improvement to the computer network system. This proposed solution, submitted the Applicant, includes procedures and actions relating to computer hardware and functionality.

[26] As remarked in the PR letter, the application (pages 1 to 2) does refer to a conventional computer network system where content providers create the web pages and content viewed by users and where ISPs operate the servers that store

and provide the web pages to users. The web pages are presented with advertisements, and the number of times users click on these advertisements is recorded so that the ISP can be remunerated appropriately.

- [27] The problem described by the application with this environment is not one of computer or network functionality though, but of the fairness of the scheme for determining remuneration. Even though the number of times an advertisement is accessed is chiefly due to the popularity of the content with which the advertisement has been included, the content providers receive no proportionate benefits. The corresponding solution proposed by the application (pages 3 to 4, 19 to 20, 45 and 75 to 83) is to create points proportionate to the number of times particular content with advertisements is accessed and subsequently use these points to determine fair benefits for the content provider.
- [28] As noted above, the CGK includes not only the working of computer network systems for providing web pages with advertisements, but also the working of the means needed to monitor the access of the advertisements and compute a corresponding amount of payment to issue to an ISP. It is thus our view that the skilled worker would not consider the solution to lie in the computer implementation of the proposed scheme.
- [29] The application (pages 2 to 4) also refers to an additional problem, that of users not clicking on banner advertisements to access the full video and audio content of the advertisement. As a solution to this problem, the application proposes affixing or appending the full advertisement to content such that when a user requests and accesses the content, the advertisement is automatically provided without requiring action from the user.
- [30] This problem of providing hard-to-avoid advertisements to users is separate and independent of the problem of providing fair advertising profits to content providers, as are their solutions. When carrying out purposive construction in such a scenario, it is necessary to focus on one solution to a problem (*MOPOP* at §13.05.02c). The skilled person would see the problem and solution of profit sharing as the relevant focus because the weight of the claims is directed to it and the title of the description indicates it to be the focus of the application. In addition, the provision of web advertisements in alternative modes or formats to click-through banner advertisements is part of the CGK.
- [31] As for facilitating the creation of a web page with a banner advertisement, this would be a separate and independent issue again from the one of fair remuneration.

And although the description (page 3) mentions that it is not easy to create a web page with a banner advertisement, the application does not appear to specify any particular solution or to focus on the issue again.

[32] Therefore, we view the solution as the scheme for awarding and using points to determine profits for content providers.

The essential elements

[33] Independent claims 1 and 28 are directed to a device and system, independent claim 10 is directed to a method and independent claim 19 is directed to software. All claims refer to the management of provided content and generation of points for content providers proportionate to the number of times users access their content with advertisements. For convenience, independent claim 10 is provided below as representative of the claimed invention.

Claim 10. A content providing method, comprising the steps of:

receiving over a network advertisement information from at least one advertisement client;

providing software over the network to each of multiple user content supplying means to display an advertisement providing button that allows the content creator to set content providing condition data indicating if the advertisement information is to be affixed to a content;

receiving over the network the content and the content providing condition data from the user content supplying means;

storing the advertisement information supplied by the advertisement client, the content and the content providing condition data supplied from the user content supplying means, and user information relating to the user content supplying means;

receiving over the network a demand for the content from one or more clients;

providing said content with or without the advertisement information, based on the content providing condition data, to said clients over the network in response to the demand from the clients;

counting a number of access times that the content is provided with the advertisement information to the clients over the network;

generating points proportionate to the number of access times;

updating a number of accumulated points in the stored user information of the user content supplying means; and

performing point settlement processing to determine a charge data using the number of accumulated points of said user content supplying means.

[34] The PR letter expressed our preliminary view that the essential elements are those elements directed to a scheme for generating points and determining content provider remuneration, and do not include hardware elements.

[35] The Applicant disagreed, submitting in the RPR that

Contrary to the Preliminary Review, eliminating the hardware elements would not only fundamentally alter the nature of the invention embodied by the claims but in this case it would render the invention entirely inoperable.

...

Applicant submits that nothing in the language of the claims or disclosure indicating that the inventors viewed all of the hardware elements in the claims as non-essential. Applicant also submits that eliminating the hardware elements in the claims and associated steps in the claims would have substantial effects in terms of all functions and results of the embodiments.

[36] As explained above, purposive construction must consider which claimed elements are actually essential to the nature of the solution.

[37] The problem here is not one of computer implementation of a fair profit-sharing scheme. The solution works by the rules of the scheme for generating points and determining content provider remuneration; it does not lie in the computer elements. Therefore, our view is that while these details provide the contextual environment of the invention, they are not essential to the solution provided by the application and embodied by the claimed subject matter.

[38] We consider the wording differences between the dependent claims and the independent claims from which they stem to simply reflect different embodiments of the same set of essential elements. Thus, we consider the essential elements for claims 1 to 36 on file to be a series of steps or a scheme for providing fair profit give-back processing for content creators:

- counting a number of access times that the content is provided with the advertisement information to the clients;
- generating points proportionate to the number of access times;
- updating a number of accumulated points in the stored user information; and
- performing point settlement to determine a charge data using the number of accumulated points.

Statutory subject matter

[39] As mentioned above, the Applicant contended in the RPR that the essential elements include hardware elements. As a result, submitted the Applicant, the invention has a “physical existence” and is statutory subject matter.

[40] As construed above, however, the essential elements of the claims on file are the steps of the scheme for providing proportionate benefits for content creators—hardware elements are not among the essential elements. The scheme does not manifest a discernible effect or change of character or condition in a physical object. It merely involves the carrying out of a plan or theory of action without the production of any physical results proceeding directly from the operation of the theory or plan itself. Such matter is outside the categories of invention in section 2.

[41] Therefore, our view is that claims 1 to 36 on file do not define statutory subject matter and thus do not comply with section 2 of the *Patent Act*.

Proposed claims

[42] As stated above, the Applicant proposed an amended set of 21 claims with the RFR. These, the second proposed claims, refer to means permitting content providers to register and, in response, to receive access to software permitting them to upload content and set the scheduling and condition data for the content, as well as select whether or not an advertisement is to be affixed to the content.

[43] These proposed amendments would not alter the above identifications of the skilled person and the CGK. Our identification of the relevant problem and solution would

also remain the same. As a result, the second proposed claims would have the same set of essential elements as those identified in the claims on file.

- [44] Accordingly, our view concerning non-statutory subject matter also applies to the second proposed claims. It follows that the second proposed claims are not considered a necessary specific amendment under subsection 30(6.3) of the *Patent Rules*.

RECOMMENDATION OF THE BOARD

- [45] In view of the above, the Panel recommends that the application be refused on the basis that claims 1 to 36 define non-statutory subject matter and thus do not comply with section 2 of the *Patent Act*.

Leigh Matheson
Member

Kristina Bodnar
Member

Marcel Brisebois
Member

DECISION OF THE COMMISSIONER

- [46] I concur with the findings of the Board and its recommendation to refuse the application. The claims on file do not comply with section 2 of the *Patent Act*.
- [47] Accordingly, I refuse to grant a patent for this application. Under section 41 of the *Patent Act*, the Applicant has six months to appeal my decision to the Federal Court of Canada.

Johanne Bélisle
Commissioner of Patents
Dated at Gatineau, Quebec,
this 7th day of January, 2019.