

Commissioner's Decision No. 1492

Décision du commissaire n° 1492

TOPICS: J00 Meaning of Art
J50 Mere Plan
O00 Obviousness

SUJETS: J00 Signification de la technique
J50 Simple Plan
O00 Évidence

Application No. 2,612,654

Demande n° 2 612 654

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2612654, 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 Patent Appeal Board and the decision of the Commissioner are to refuse the application.

Agent for the Applicant

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INTRODUCTION

- [1] This recommendation concerns the review of rejected Canadian patent application number 2612654, which is entitled “Direct Repair Program Management Systems and Methods Thereof” and is owned by Mitchell International 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] The application was filed on April 10, 2007 and was laid open to the public on February 17, 2008.
- [4] The application relates generally to obtaining automobile insurance repair quotations compliant with selection criteria and selecting a repair facility.

Prosecution History

- [5] On June 6, 2016, a Final Action (FA) was issued pursuant to subsection 30(4) of the *Patent Rules*. The FA stated that the instant application was defective on the ground that all of the claims at the time of the FA (the claims on file) were directed to obvious subject-matter and therefore did not comply with section 28.3 of the *Patent Act*.
- [6] In a December 6, 2016 response to the FA (RFA), the Applicant submitted a set of 21 proposed claims (the proposed claim set) as well as arguments in favour of the proposed claim set complying with section 28.3 of the *Patent Act*.

- [7] The Examiner considered the application not to comply with the *Patent Act* and *Patent Rules* despite the arguments submitted with the RFA and the proposed claim set. Therefore, pursuant to paragraph 30(6)(c) of the *Patent Rules*, the application was forwarded to the Board for review along with an explanation outlined in a Summary of Reasons (SOR). The SOR set out the position that the claims on file as well as the proposed claim set were considered to be defective due to obvious subject-matter.
- [8] In a letter dated April 3, 2017, the Board forwarded a copy of the SOR to the Applicant. In a letter dated June 30, 2017, the Applicant indicated a continued interest in having the Board review the application.
- [9] The present panel (the Panel) was formed to review the application under paragraph 30(6)(c) of the *Patent Rules*. The Panel sent a Preliminary Review letter (PR letter) to the Applicant on March 6, 2019. In addition to expressing a preliminary view with respect to the obviousness issue, the Panel expressed the preliminary view that claims 1-24 on file do not define statutory subject-matter and thus do not comply with section 2 of the *Patent Act*.
- [10] In correspondence received on April 4, 2019, the Applicant indicated that it did not wish for an oral hearing. No written submissions were provided in response to the PR letter. Therefore, the Panel proceeded to issue this recommendation based on the current written record including the PR letter.

ISSUES

- [11] An issue to be addressed by the present review is whether claims 1-24 on file are directed to obvious subject-matter according to section 28.3 of the *Patent Act*. As well, the additional issue that arose during the Preliminary Review and to be addressed is whether the subject-matter of claims 1-24 on file is outside the definition of invention as found at section 2 of the *Patent Act* and therefore directed to non-statutory subject-matter. If the claims on file are determined to be defective, we then consider the proposed claim set.

LEGAL PRINCIPLES AND OFFICE PRACTICE

Purposive construction

- [12] 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 paras 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice*, (CIPO) at §13.05, revised June 2015 [*MOPOP*], the first step of purposive claim construction is to identify the person of ordinary skill in the art (the POSITA) 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.
- [13] 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 required for the solution—proposed by the specification and underlying the claimed embodiment—to achieve its result.

Statutory subject-matter

- [14] 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.

- [15] “*Examination Practice Respecting Computer-Implemented Inventions*”, PN 2013–03 (CIPO, March 2013) [*PN 2013–03*] clarifies the Patent Office’s approach to determining if a computer-related invention is statutory subject-matter.

- [16] As indicated in *PN 2013–03*, 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 (e.g., the fine arts, mere ideas, schemes or rules), the claimed subject-matter will not comply with section 2 of the *Patent Act*.

Obviousness

- [17] Section 28.3 of the *Patent Act* requires claimed subject-matter not to be obvious:

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.

- [18] In *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61 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?

Indefiniteness

- [19] As an issue arose in the Preliminary Review with respect to indefiniteness of some of the proposed claims, we note that subsection 27(4) of the *Patent Act* requires that the claims define the subject-matter of the invention distinctly and in explicit terms:

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

ANALYSIS

Claim Construction

The POSITA and the relevant CGK

- [20] In the FA, the examiner defined the POSITA as a team including repair shop business owners, an insurance adjudicator and a network designer.
- [21] The Applicant did not dispute this definition in the RFA and, consistent with the PR letter, we adopt it here.
- [22] The FA cited the following references:

D1:	US20020188479	Renwick et al	December 12, 2002
D2:	US20020007289	Malin et al	January 17, 2002
D3:	US20020035488	Aquila et al	March 21, 2002
D4:	WO02071281	Uren et al	September 12, 2002

D1 discloses a method of processing vehicle damage claims and choosing a repair facility.

D2 discloses tracking relevant statistics of repair facilities and choosing a repair facility to process a claim.

D3 discloses administering and tracking insurance claims.

D4 discloses data exchange between an insurer and repair facility.

[23] As we stated in the PR letter, based on the background of the invention sections of the above references, in our view, the CGK of the POSITA would include:

- the normal process for insurance claim processing, such as reporting a claim to the insurer, having the damage assessed, obtaining estimates from repair shops to make the necessary repairs, selecting a repair shop, and managing the repair outcome (D1, para 0004 and Figure 1; D3, paras 0005-0007);
- the use of computer systems for estimating, imaging and communications by insurance companies and repair shops (D2, para 0002; D3, para 0008; D4, page 1, lines 5-9); and
- the setting of time goals for repairs (D2, para 0010).

Problem and solution

[24] As we stated in the PR letter, from the specification, especially the background of the invention, in our view, the problem being addressed by the alleged invention appears to be a need to resolve the conflicting interests and motivations of the repair shop and the insurance carrier in an economical and consumer-friendly way (description on file, paras 0003-0004).

[25] As we stated in the PR letter, in our view, the claimed solution is for the insurance carrier's adjuster to provide a repair estimate for a claim to one or more repair shops, evaluate their compliance with cost and time goals to develop a list of shops pre-qualified to handle the repair for that specific claim, then provide this list, along with feedback about the shops on the list, to the claimant to choose one of the shops to do the repair.

Essential elements

[26] Independent claims 1, 9 and 17 are respectively directed to a method, computer readable medium, and computing device, but recite the same elements.

[27] In the PR letter, we expressed our view that the elements of claims 1, 9 and 17 that are essential to implement the solution identified above are:

- receiving one or more estimates of repair cost for damage reported in a claim from one or more shops;
- determining which of the received one or more estimates are in compliance with one or more requirements comprising acceptance of an appraised amount to repair the damage and completion within a set time range;
- providing the one or more compliant estimates and stored feedback on the one or more shops associated with the compliant estimates to the source of the claim;
- receiving a selection of one of the compliant estimates based on the compliant estimates and the stored feedback; and
- awarding the claim to the selected shop.

[28] As we expressed in the PR letter, our list of essential elements closely corresponds to the steps recited in these claims; however, the computerized implementation is not considered essential. As computerization was already well-known in the insurance claim processing art, there was no problem in how to link the insurance adjuster, repair shops, and claimant, or how to transfer information. The specification notes that the system could be implemented with any suitable general-purpose computer system (description on file, paras 0019-0020). The problem identified in the specification was one of dissatisfaction of the parties due to conflicting interests and how to resolve them in an economical and consumer-friendly way. The solution is the procedure of pre-qualifying shops (for a specific claim) that would be acceptable to the insurer for cost and time and then allowing the claimant to choose one of the pre-qualified shops, including stored feedback to give the claimant more information on which to make a selection, thereby empowering the claimant. Although the computerized system is the environment foreseen for implementing the procedure, it is not essential to its operation.

Statutory Subject-matter

[29] Consistent with the PR letter, having eliminated the computer elements as non-essential, we are left with the method steps of providing certain data and making evaluations and choices based on that data. Using the language of *Canada (AG) v Amazon.com Inc*, 2011 FCA 328 at para 66, the essential elements are not something with physical existence and

do not manifest a discernible effect or change. Such matter is outside the categories of invention in section 2 of the *Patent Act*.

[30] Regarding dependent claims 2-8, 10-16 and 18-24, the additional elements recited constitute further detail of the information provided and how evaluations are made based on this information. None of these additional elements are statutory subject-matter.

[31] Therefore, in our view claims 1-24 on file do not define statutory subject-matter and thus do not comply with section 2 of the *Patent Act*.

Obviousness

[32] We analyze independent claims 1, 9 and 17 as representative.

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

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

[33] These steps were performed for the claim construction analysis above.

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

[34] Consistent with the PR letter, we take the set of essential elements identified above as representing the inventive concept.

(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

[35] Consistent with the PR letter, we compare each essential element of independent claims 1, 9 and 17 to the prior art and identify differences. D2 appears to be the closest prior art. Restating the essential elements having regard to D2:

- receiving one or more estimates of repair cost for damage reported in a claim from one or more shops (D2, para 0082);

- determining which of the received one or more estimates are in compliance with one or more requirements comprising acceptance of an appraised amount to repair the damage and completion within a set time range (D2, paras 0010 and 0086 disclose the insurer preparing a list of shops which meet insurer requirements, one of those requirements being cycle time goals. However, D2 does not disclose a requirement of compliance with an appraised amount specific to the insurance claim);
- providing the one or more compliant estimates and stored feedback on the one or more shops associated with the compliant estimates to the source of the claim (D2, para 0086 discloses conveying a short list of pre-qualified shops to the car owner; D2, paras 0015-0016 also disclose stored feedback). D2 does not disclose providing the one or more compliant estimates to the source of the claim;
- receiving a selection of one of the compliant estimates based on the compliant estimates and the stored feedback (D2, para 0086 discloses receiving a selection of a shop compliant to the short list of pre-qualified shops); and
- awarding the claim to the selected shop (D2, para 0085).

(4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[36] The only essential elements of independent claims 1, 9 and 17 not found in D2 are those of determining which of the one or more estimates meet the claim-specific appraised amount, and providing the one or more compliant estimates to the source of the claim.

[37] D1, in the same art, discloses the aspects of determining which of the one or more estimates meet the claim-specific appraised amount, as well as a time goal (para 0026) and providing the estimates to the insurer. Consistent with the PR letter, in our view, the POSITA would be motivated to consider the claim-specific repair cost criterion of D1 to provide a more satisfactory short list of repair shops from which to choose in a system

such as in D2. The compliance criteria in D2 are not specific to the claim at hand, but represent compliance to general criteria of the insurer.

- [38] We consider the aspect of providing the one or more compliant estimates to the source of the claim, which may be the insured party rather than the insurer, as CGK, as that would be a normal procedure in insurance claim processing if a source of the claim other than the insurer is to make a decision on which shop to use.
- [39] Regarding the dependent claims, we maintain our views expressed in the PR letter. These have not been disputed by the Applicant.
- [40] Regarding claims 2, 10, and 18, it is implicit that in awarding the claim, the system would inform at least the winning shop of that shop's own compliant estimate.
- [41] Regarding claims 3, 11 and 19, D2, paras 0082 and 0090 further disclose providing image data.
- [42] Regarding claims 4, 12 and 20, D2 discloses the customer (i.e., the source of the claim) being provided with information to choose the repair shop.
- [43] Regarding claims 5, 13 and 21, D2, para 0098 further discloses billing arrangements. The step of requiring a first compensation to be paid by a shop awarded a claim appears to be CGK as the CGK includes normal insurance claim processing.
- [44] Regarding claims 6, 14 and 22, D2, para 0016 further discloses feedback, which implicitly would include new feedback gathered in an ongoing manner.
- [45] Regarding claims 7, 15 and 23, D1, para 0008 discloses supplements to estimates.
- [46] Regarding claims 8, 16 and 24, D2, paras 0091 and 0098 further disclose notification when repairs are complete and billing.

[47] Therefore, in our view all of claims 1-24 on file are directed to obvious subject-matter and do not comply with section 28.3 of the *Patent Act* having regard to D2 in view of D1 and the CGK.

PROPOSED CLAIM SET

[48] In the RFA, the Applicant submitted the proposed claims 1-21. The proposed claim set adds to the independent claims the feature from dependent claims on file 3, 11 and 19 of supplying image data as part of the damage data. The proposed claim set also add to the independent claims the features of using the image data to determine an appraised amount to repair the damage and using the image data to determine a severity rating which is neither a total loss nor below a lower threshold claim value. No substantive changes were made to the dependent claims other than some deletions. The Applicant argued that although D2 discloses using image data, none of the applied references disclose the limitation of determining when a claim is neither a total loss nor below a lower threshold claim value.

[49] Consistent with the PR letter, in our view the proposed claim set does not overcome the non-statutory subject-matter defect above. The additional element of image data is merely an indication of the information to be used in the mental steps of determining an appraised repair cost estimate and determining a severity rating.

[50] Consistent with the PR letter, regarding obviousness, in our view the use of image data in determining an appraised repair cost, as recited in the proposed independent claims, is disclosed in D2 (paras 0082 and 0090). Classifying an upper limit as an amount deemed a total loss and classifying a lower limit as a threshold for making a claim appears to be CGK. We also note that D3, in the same art as D2, discloses determining a severity rating between upper and lower limits (D3, paras 0173-0214). Therefore, in our view the proposed claims do not overcome the obviousness defect having regard to D2 in view of D1 and CGK.

[51] Consistent with the PR letter, in our view, proposed independent claims 1, 8 and 15 introduce indefiniteness defects. In each of these claims, the expressions “the received one or more estimates” and “the one or more shops” lack antecedents and therefore do not comply with subsection 27(4) of the *Patent Act*.

CONCLUSIONS

[52] We have determined that claims 1-24 on file are directed to non-statutory subject-matter and are therefore non-compliant with section 2 of the *Patent Act*.

[53] We have also determined that claims 1-24 on file are directed to obvious subject-matter and are therefore non-compliant with section 28.3 of the *Patent Act*.

[54] We do not consider the proposed claim set to constitute specific amendments necessary to comply with the *Patent Act* and *Patent Rules*. Therefore we decline to recommend that the Applicant be notified under subsection 30(6.3) of the *Patent Rules* that said proposed claim set is necessary to comply with the *Patent Act* and *Patent Rules*.

RECOMMENDATION OF THE BOARD

[55] We recommend that the Commissioner of Patents refuse this application as the claims on file are directed to non-statutory subject-matter and are therefore non-compliant with section 2 of the *Patent Act* and the claims on file are directed to obvious subject-matter and are therefore non-compliant with section 28.3 of the *Patent Act*.

Howard Sandler
Member

Leigh Matheson
Member

Reid Mulligan
Member

DECISION

[56] I concur with the conclusions and recommendation of the Board that the application be refused on the grounds that the claims on file are directed to non-statutory subject-matter and are therefore non-compliant with section 2 of the *Patent Act* and the claims on file are directed to obvious subject-matter and are therefore non-compliant with section 28.3 of the *Patent Act*.

[57] 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 13th day of August, 2019