

Commissioner's Decision No. 1485

Décision du commissaire n° 1485

TOPICS: O00 Obviousness

SUJETS: O00 Évidence

Application No. 2 398 606

Demande n° 2 398 606

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2398606, 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.

Agent for the Applicant:

MARKS & CLERK
100 Simcoe Street, Suite 200
TORONTO Ontario
M5H 3G2

INTRODUCTION

- [1] This recommendation concerns the review of rejected patent application number 2398606, which is entitled “Conversion Engine and Financial Reporting System Using the Conversion Engine” and is owned by Oracle Corporation and Sumitomo Mitsui Banking Corporation.
- [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*. The issue to be considered is whether the claimed subject matter would have been obvious.
- [3] As explained in more detail below, our recommendation is that the application be refused.

BACKGROUND

The Application

- [4] Patent application 2398606 (the instant application), based on a previously filed Patent Cooperation Treaty application, is considered to have been filed in Canada on December 15, 2000 and was laid open to the public on June 21, 2001.
- [5] The instant application relates to systems and methods that convert financial statements generated according to one country’s generally accepted accounting principles (GAAP) to financial statements conforming to another country’s GAAP.

Prosecution History

- [6] On January 29, 2016, a Final Action (FA) was written pursuant to subsection 30(4) of the *Patent Rules*. The FA stated that the application is defective on the ground that claims 1-31 on file would have been obvious to a person skilled in the art and thus do not comply with section 28.3 of the *Patent Act*.
- [7] In a July 29, 2016 response to the FA (RFA), the Applicant submitted that the claims on file are inventive.

- [8] As the Examiner still considered the application not to comply with the *Patent Act* and *Patent Rules*, the application was forwarded to the Board for review on December 8, 2016, pursuant to subsection 30(6) of the *Patent Rules*, along with an explanation outlined in a Summary of Reasons (SOR) that maintained the rejection based on the obviousness defect identified in the FA.
- [9] With a letter dated December 23, 2016, the Board sent the Applicant a copy of the SOR and asked the Applicant to confirm its continued interest in having the application reviewed. In a response dated March 23, 2017, the Applicant confirmed its continued interest in having the application reviewed.
- [10] 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.
- [11] In a Preliminary Review letter (PR letter) dated January 7, 2019, the Panel set out its preliminary analysis and rationale as to why, based on the written record, the claims on file would have been obvious and thus do not comply with paragraph 28.3(b) of the *Patent Act*. The PR letter offered the Applicant the opportunities to attend an oral hearing and to make further submissions.
- [12] In a response to the PR letter (RPR) dated February 4, 2019, the Applicant made submissions arguing that the claims on file are allowable. In a further response dated February 8, 2019, the Applicant confirmed that an oral hearing was not desired.

ISSUES

- [13] The issue to be considered by this review is whether the claims on file would have been obvious and thus non-compliant with paragraph 28.3(b) of the *Patent Act*.

LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

Purposive 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 [*Whirlpool*] at paras 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.

Obviousness

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

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 para 67 [*Sanofi*], 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”;
- (1)(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

Overview of the instant application

[17] Financial reporting systems for a business typically include applications, such as a general ledger application and a loan processing application. These applications generate financial statements in accordance with GAAP, referring to the set of rules, conventions, standards and procedures for reporting financial information. Different countries establish their own GAAP. For example, in the United States (U.S.), the Financial Accounting Standards Board establishes the U.S. GAAP. Differences exist between the GAAP established in different countries (instant application, page 1, lines 16-23). For example, under U.S. GAAP, non-refundable fees associated with a term loan agreement are deferred and amortized over the life of the loan, but under Japanese GAAP, such fees are treated as immediate income (instant application, page 2, lines 20-24).

[18] The instant application states that “[i]n view of the multinational environment in which many businesses operate, it would be desirable to provide a financial reporting system and method that accommodates differences between the GAAP of different countries” (instant application, page 1, line 23 to page 2, line 2).

[19] There are 31 claims on file. In our view, independent claim 1, directed to a system, is representative of all the independent claims on file, namely method claim 12 and computer readable medium claim 31, as all independent claims recite subject matter generally similar to the subject matter recited in claim 1:

1. A computerized management system for converting journal entries from a first reporting standard to a second reporting standard different from the first reporting standard, the system comprising:

a source of journal entries conforming to the first reporting standard, each journal entry comprising classification information for classifying the journal entry;

a rules database comprising one or more rules tables for storing conversion rules for converting journal entries from the first reporting standard to the second reporting standard; and

a conversion engine running on a processing system and being configured to:

access a journal entry from the source of journal entries;

determine whether any of the conversion rules stored in the rules database are applicable to the accessed journal entry in dependence on the classification information of the accessed journal entry, and, if so, applying the applicable conversion rule to the accessed journal entry, thereby converting the accessed journal entry from the first reporting standard to a converted journal entry which is in accordance with the second reporting standard; and

generate an adjustment journal entry which contains auditing information about the converting of the accessed journal entry from the first reporting standard to the second reporting standard.

[20] Dependent claims 2-11 and 13-30 define further limitations on the rules, the rules database, the source of journal entries, the first and second reporting standards, and further define an adjustment table.

Purposive construction

Person skilled in the art

[21] The PR letter agreed with the FA characterization of the person skilled in the art:

The person of ordinary skill in the art is a person skilled in the fields of financial reporting systems and data retrieval and conversion systems, as well as general purpose computing technology.

[22] The RPR did not contest this characterization and we adopt it for the purposes of this review.

Common general knowledge

[23] The FA referenced the following prior art documents:

DI: WO 97/24658

Kouchi et al.

July 10, 1997

D2: “*Financial Systems Interface*”, IBM Technical Disclosure Bulletin,
October 1988, Vol. 31, No. 5, pages 36 to 39.

D3: WO 96/37817 A1 Coleman November 28, 1996

D4: US 5189608 Lyons et al. February 23, 1993

D5: CA 2260481 A1 Kovvali et al. July 26, 1999

[24] The PR letter summarized the referenced prior art documents as follows:

D1 discloses a data retrieval system for the generation of output and reports in a standardized manner on information contained in a data source which may be any one of two or more types of source data.

D2 describes an interface which provides the user with the ability to transport selected financial data from either non-financial systems (e.g., manufacturing applications) or other financial systems to a host financial system. This transport can occur regardless of the compatibility of the source or target systems base structure.

D3 discloses a data conversion system and method which converts data between different software and hardware platforms. Data is converted from any number of different types or formats from any of various platforms to a single common data standard having a pre-defined generic data type, and the data is then converted from this generic type to a new desired format or type and stored on an existing or new destination platform.

D4 discloses an advanced financial reporting and analysis software package that collects, organizes, manages and consolidates financial data and provides user defined capabilities for creating financial and corporate reports.

D5 discloses an automated method and system for general accounting generation for common sub ledger processing utilizes a computerized accounting engine to generate accounting entries related to financial products.

[25] The PR letter identified the CGK, based on the FA and on the referenced prior art documents D2, D4 and D5, as:

- financial reporting systems composed of different applications for generating financial statements in accordance with GAAP (identified in the FA referencing the instant application at page 1);
- knowledge of systems for retrieving database information and generating financial reports, and converting data between different platforms (identified in the FA);

- knowledge of systems for automatically generating accounting entries according to pre-defined accounting rules (identified in the FA);
- financial data validation and the use of audit trails (D2, page 37, para 5; D4, column 2, lines 3-7);
- automated generation of journal entries from various systems and for various loan types (D5, page 19, lines 9-15); and
- the source of journal entries includes application software (D4, column 2, lines 21-29).

[26] The RPR submitted that the Panel's identification of the CGK was improper:

Applicants respectfully submit that the Panel's identification of the CGK is nothing more than an attempt to disguise an improper mosaicking of prior art references. The Panel has simply used the Applicants' claimed invention as a road map to pick and choose subject matter from three (3) prior art references, namely D2, D4 and D5, and combine this subject matter with CGK subject matter identified by the Examiner in the Final Action to create a body of arbitrarily selected CGK used for the purpose of sustaining an improper hindsight obviousness rejection. The Panel has provided no basis as to why one of ordinary skill in the art would be motivated to select and combine the identified subject matter from D2, D4 and D5.

[27] Our view is that it is reasonable to assess the CGK of the person skilled in the art as it relates to the instant application. Given that the skilled person includes the technological arts of financial reporting systems, data retrieval and conversion systems and general purpose computing, it is irrelevant to the analysis at hand to identify the entire breadth of the CGK of the collective arts. Rather, it is appropriate to consider the CGK that relates to the instant application in order to perform an appropriate obviousness analysis.

[28] In the instant application, we identified the person skilled in the art as a team, wherein each team member brings their own CGK to the team as a whole. In our view, it is reasonable to identify the CGK associated with the team member in the art of financial reporting systems as including the following elements:

- different applications for generating financial statements in accordance with GAAP (as identified in the instant application);

- financial data validation and the use of audit trails (as evidenced by D2 and D4);
- automated generation of journal entries from various systems and for various loan types (as evidenced by D5); and
- the source of journal entries includes application software (as evidenced by D4).

[29] In our view, contrary to the Applicant's position, the identification of the CGK is not an improper mosaicking of prior art references. Rather, our analysis establishes the relevant CGK of the person skilled in the art based on documents on the record as it relates to the instant application. This CGK is then used to conduct an obviousness analysis to determine if the CGK bridges the differences between the claimed invention and the prior art.

Problem and solution

[30] The PR letter agreed with the problem as identified by the FA:

According to the description (page 1, line 16 to page 2, line 2), the problem the invention tries to solve is that differences exist between the generally accepted accounting principles (GAAP) of different countries, which cause the financial statements generated in accordance with different reporting standards to be different.

[31] As the RPR did not contest the characterization of the problem, we adopt it for the purposes of this review.

[32] As explained in the PR letter, the specification, when read as a whole by the person skilled in the art having the CGK as identified above, describes that prior art solutions to GAAP conversions relied on manual conversion processes. The solution according to the instant application was described in the PR letter as follows:

What appears to be the solution, according to the specification is a conversion engines that "automates the generation of journal entries for a plurality of different [Set of Books]" (instant application, page 11, lines 3-8) and the automation of GAAP conversion processes, at least for the first and second types of GAAP conversions as identified in the instant application (instant application, page 19, lines 13-20; table on top of page 21). (emphasis in the original)

[33] The RPR did not contest our characterization of the solution as presented in the PR letter.

[34] The Panel's view, consistent with our view described in the PR letter, is that the solution is to automatically convert a reporting book of original accounting entries conforming to a first reporting standard in an accounting system to another reporting book conforming to a different reporting standard in a different accounting system. The conversion of accounting entries is performed automatically by applying a series of rules that accommodate the differences between the different reporting standards.

Essential elements

[35] Given that the Applicant did not contest our identification of the essential elements as presented in the PR letter, and consistent with our view in the PR letter, the Panel's view is that all claim elements of representative claim 1, including the computer elements, are essential to the identified solution. Although no computer problem is being solved in this case, the nature of the solution to automate the manual conversion process renders the computer elements essential.

Meaning of terms

[36] The PR letter considered the meaning of the term "adjustment journal entry":

The term "adjustment journal entry" as recited in independent claims 1, 12 and 31 would be understood by the person skilled in the art as referring to data records in an adjustment set of books that "is used to retain an audit trail and to summarize the cumulative adjustments for subsequent review by controllers, auditors, examiners, etc." (instant application, page 6, lines 12-17). In the Panel's preliminary view, the recited term would be understood as equivalent to an audit trail used for auditing purposes.

[37] The RPR submitted the following with respect to our understanding of this term:

Applicants agree that the subject application provides descriptions of adjustment sets of books and adjustment journal entries, but respectfully submit that the Panel's understanding of this term by a person skilled in the art would have only been derived from the subject application. In other words, in the Preliminary Review the Panel has provided no evidence other than subject application to support the understanding of this term. There has been no

assertion by the Panel that this term is used in any prior art document of record.
(emphasis in the original)

- [38] We agree with the Applicant that our analysis of the understanding by the skilled person of the term “adjustment journal entry” is derived from the instant application. We note, however, that such an analysis conforms to the principles of claim construction, specifically, that the specification is used to understand terms recited in the claims (see for example, *Whirlpool* at paras 52 and 53).
- [39] As the claimed feature “generate an adjustment journal entry” forms the basis on which the Applicant argues the inventiveness of the claims (which we consider in more detail below), our analysis at this point re-assesses how the person skilled in the art, given the CGK, would understand the definition of this feature as described by the specification.
- [40] The specification makes reference to the adjustment journal entries purpose and function as follows:

Conversion engine 12 may also be configured to generate data records for an Adjustment SoB 16-3 that reflect the adjustments made by conversion engine 12. Adjustment [Set of Books (SOB)] 16-3 is used to retain an audit trail and to summarize the cumulative adjustments for subsequent review by controllers, auditors, examiners, etc. Together US SoB 16-1, JP SoB 16-2, and adjustment SoB 16-3 serve as the basis for financial reporting. (instant application, page 6, lines 12-17) (emphasis added)

...

Conversion engine 108 also makes appropriate journal entries to an adjustment SoB 112. Adjustment SoB 112 is used to retain an audit trail and to summarize the cumulative adjustments for subsequent review by controllers, auditors, examiners, etc. Adjustment SoB 112 is further supported by comprehensive audit trail conversion reports that document the transactions affected by expenses code, portfolio, risk type, transaction reference number, the pre- and post-conversion balances and the purpose of the adjustment (e.g., to reverse the deferral of upfront fees). Together US SoB 110, adjustment SoB 112, JP SoB 114, and the audit trail report serve as the basis for financial reporting. (instant application, page 10, lines 12-20) (emphasis added)

...

Certain manual journal entries may be passed to adjustment SoB 112 and JP SoB 114 to accommodate those transactions not covered by the conversion rules in the rules database associated with conversion engine 108. (instant application, page 10, lines 21-23) (emphasis added)

...

generate an adjustment journal entry which contains auditing information about the converting of the accessed journal entry from the first reporting standard to the second reporting standard. (instant application, claim 1, last element) (emphasis added)

[41] In our view, these references in the specification to the “adjustment journal entry” define the term as financial data records summarizing the cumulative adjustments of the conversion process, retained as an audit trail, and used by controllers, auditors and examiners. We also understand from the specification that such journal entries, in certain circumstances, are manually generated and passed to the adjustment Set of Books.

[42] In light of our analysis of the specification, and consistent with our view expressed in the PR letter, we view that the person skilled in the art would understand the term “adjustment journal entry”, as recited in independent claims 1, 12 and 31, refers to financial data records summarizing the cumulative adjustments of the conversion process, retained as an audit trail, and used by controllers, auditors and examiners. The person skilled in the art would also understand that such audit records may be manually generated.

Obviousness

Sanofi step (1)(a) – Identify the notional person skilled in the art

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

[43] The notional person skilled in the art and the CGK are identified above at paras [21] and [25].

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

[44] Our obviousness analysis proceeds using the combination of essential elements identified previously, namely, the combination of all elements of representative claim 1.

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

[45] The PR letter undertook a *de novo* analysis of the *Sanofi* step (3) and (4) and also introduced two new documents to the record:

D6: “Oracle® Applications Global Accounting Engine™ User's Guide”,
Oracle Corporation, Release 11, March 1998

D7: Bazaz, Mohammad S. and Parameswaran, Ravi (1993) “Use of
expert systems in harmonizing international accounting reports,”
Journal of International Information Management: Vol. 2: Issue 1,
Article 6, available at:

<https://scholarworks.lib.csusb.edu/jiim/vol2/iss1/6/>

[46] The PR letter summarized these two documents:

D6 provides a user guide for a Global Accounting Engine that provides a sub-ledger accounting system (D6, page 24 “Overview”). The document identifies various features of the Engine, including “Print reports that correspond to country-specific accounting practices” and “Comply with legal and fiscal audit trail requirements” (D6, page 24 “Basic Business Needs”). The document details accounting differences between countries (D6, pages 88-90), which corresponds to the problem identified in the instant application, and the corresponding features in the Global Accounting Engine to manage such differences (D6, topical essay “Global Accounting Engine Features” on pages 85-108).

D7 discloses a need for international accounting in the presence of national accounting and disclosure standards (D7, pages 59-62). The document proposes a new approach, namely, “the development of an expert system which would be capable of translating disclosure in a particular country standard to one that meets internationally acceptable accounting standards or from one country standards to another country standards” (D7, abstract).

[47] Our view, consistent with the analysis expressed in the PR letter, is that D7 deals directly with the subject matter of the instant application. We also consider that D7 represents the closest prior art document on record to the claims on file.

[48] The PR letter compared the elements of independent claim 1 with the disclosure of D7 to assess the differences between the claim and the prior art:

A computerized management system (D7, figure 3) for converting journal entries from a first reporting standard to a second reporting standard different from the first reporting standard (D7, page 62, paragraph 1 under the heading “A New Approach to Harmonization Problem”), the system comprising:

- a source of journal entries conforming to the first reporting standard (D7, page 66, paragraph 1 under the heading “Functional Logic of the Proposed System” that refers to “... converting financial statements developed under different national standards ...”), each journal entry comprising classification information for classifying the journal entry (D7, page 70, paragraph 3, referring to schema and subschema that represent the logical view of record types and their relationships; see also Tables IIA and IIB that relate schema data, representing financial statement data, and subschemas, representing reporting standard);
- a rules database comprising one or more rules tables for storing conversion rules for converting journal entries from the first reporting standard to the second reporting standard (D7, page 66, paragraph 1 under the heading “Functional Logic of the Proposed System” that refers to “the system will possess knowledge (rules) for converting financial statements developed under different national standards in the (International Accounting Standards Committee (IASC)) format”; see also Figure 3 describing the “knowledge database” and the “inference engine”; see also page 70, paragraphs 2 and 3 describing the database); and
- a conversion engine (D7, Figure 3 describing the “knowledge database” and the “inference engine”) running on a processing system and being configured to:
 - access a journal entry from the source of journal entries (D7, page 66, paragraph 1 under the heading “Functional Logic of the Proposed System” that refers to “... converting financial statements developed under different national standards ...”; see also Figure 3, “menu driven”); and
 - determine whether any of the conversion rules stored in the rules database are applicable to the accessed journal entry in dependence on the classification information of the accessed journal entry, and, if so, applying the applicable conversion rule to the accessed journal entry, thereby converting the accessed journal entry from the first reporting standard to a converted journal entry which is in accordance with the second reporting standard (D7, page 66, paragraph 1 under the heading “Functional Logic of the Proposed System” that refers to “the system will possess knowledge (rules) for converting financial statements developed under different national standards in the IASC format”; see also Figure 3 describing the “knowledge database” and the “inference engine”; see also page 70, paragraphs 2 and 3 describing the database; see also Tables IIA and IIB that relate schema data, representing financial statement data, and subschemas, representing reporting standard).

[49] Based on this analysis, we stated in the PR letter that the difference between claim 1 (representing independent claims 1, 12, and 31) and D7 was the claimed element “generate an adjustment journal entry which contains auditing information about the converting of the accessed journal entry from the first reporting standard to the second reporting standard”.

[50] The PR letter also compared the elements of the dependent claim with the disclosure of D7 to assess the differences between the claims and the prior art:

Regarding dependent claims 2 and 23, D7 further discloses that the rules in the rules database comprise one or both of exclusion rules and reclassification rules, specifically exclusion rules (D7, Tables IIA and IIB indicate which schema data, representing financial statement data, is included or excluded in each subschema, representing reporting standard).

Regarding dependent claims 3, 4, 14 to 22 and 28, D7 does not explicitly disclose the additional features of the source of journal entries contains journal entries from various source systems and for various loan types.

Regarding dependent claims 5 to 8, 13 and 24 to 27, D7 further discloses the additional features of the first and second reporting standards corresponding to different types of generally accepted accounting principles, different types of statutory accounting requirements, being for different taxing authorities, etc. (D7, Table I, identifying different national accounting standards; see also Tables IIA and IIB for various subschema representing different national reporting standards).

Regarding dependent claim 9, D7 does not explicitly disclose the additional feature of the source of journal entries comprise application software.

Regarding dependent claims 10, 11, 29 and 30, D7 does not explicitly disclose the additional features of the rules database comprise an exclusion rules table, a reclassification rules table and an adjustment table, and generating journal entries according to the second reporting standard by applying a conversion rule using the adjustment table, the exclusion rules table and the reclassification rules table.

[51] Given that the Applicant did not contest our *Sanofi* step (3) analysis as presented in the PR letter, our view of the differences between the claims on file and the prior art document D7 are summarized as follows:

1. independent claims 1, 12 and 31: generation of an adjustment journal entry;

2. dependent claims 3, 4, 14 to 22 and 28: journal entries from various source systems and for various loan types;
3. dependent claim 9: source of journal entries comprising application software; and
4. dependent claims 10, 11, 29 and 30: the rules database comprising an exclusion rules table, a reclassification rules table and an adjustment table and generating journal entries according to the second reporting standard by applying a conversion rule using the adjustment table, the exclusion rules table and the reclassification rules table.

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?

[52] Our analysis in the *Sanofi* step (4) will consider each difference as identified above.

Difference 1

[53] The PR letter viewed that this difference constituted steps which would have been obvious to the person skilled in the art:

Regarding the first identified difference with regards to independent claims 1, 12 and 31, namely, generate an adjustment journal entry which contains auditing information about the converting of the accessed journal entry from the first reporting standard to the second reporting standard, the use of audit trails is CGK, as evidenced by references in D2 and D4, identified above in the section on CGK. We also note that D6 also indicates a general requirement for its software features to “[c]omply with legal and fiscal audit trail requirements” (D6, page 24 “Basic Business Needs”). Thus, in our preliminary view, this difference would have been obvious to the person skilled in the art as part of their CGK.

[54] The RPR questioned how a specific feature, acknowledged not be disclosed in the cited prior art references, can be considered part of the CGK:

That is, the absence of any disclosure in the cited references of adjustment sets of books and adjustment journal entries belies a conclusion that these features are common, general knowledge in the context of the claimed subject matter.

[55] The RPR also submitted that none of D2, D4 and D6 provide evidence of the claimed feature:

Moreover, Applicants respectfully disagree with the assertion by the Panel in the Preliminary Review that D2 and D4 are evidence that generating an adjustment journal entry which contains auditing information about the converting of the accessed journal entry from the first reporting standard to the second reporting standard “is CGK.”

...

The concept of, for example, a conversion for converting entries from one reporting standard to another is not disclosed or suggested by D2 and Applicants respectfully submit that nothing in this document discloses or suggests the claimed adjustment entries in connection with the claimed converting.

...

These references to audit trails in D4 provide no disclosure or suggestion of adjustment journal entries in the context of the claims of the subject application.

...

The generalized reference in the non-patent reference entitled “Oracle® Applications Accounting Engine™ User's Guide”, Oracle Corporation, Release II, March 1998 (“D6”) to “legal and fiscal audit trail requirements” likewise falls far short of any disclosure or suggestion of the claimed adjustment journal entries.

Assuming for the sake of argument that D2, D4, and D6 show a desirability for audit trails, such a generalized desirability cannot properly be taken as a disclosure or suggestion or evidence of the specific journal entries described in the subject application for such audit trails.

[56] As explained above under the sub-heading “Meaning of terms”, we view that the person skilled in the art would understand the term “adjustment journal entry” to refer to financial data records summarizing the cumulative adjustments of the conversion process, retained as an audit trail, and used by controllers, auditors and examiners.

[57] The prior art discloses the use of audit trails, as discussed previously:

- D2 discloses a need to provide financial data validation and the use of audit trails (D2, page 37, para 5):

Transactions generated for input into the host financial system are batched for later validation and processing. Financial validation and audit trails are provided by the host financial system. Other audit information is provided by the [Financial Systems Interface]to provide the user with key information,

e.g., counts of records input and output from the system and a list of those rejected.

- D4 highlights a need for audit trails in financial computer programs (D4, column 2, lines 3-7):

In addition to the above limitations, personal computer programs also generally lack the capacity to implement complex information management and finance controls such as audit trails and password protection capabilities needed in high-level financial applications.

- D6 indicates a general requirement for its software features to “[c]omply with legal and fiscal audit trail requirements” (D6, page 24 “Basic Business Needs”).

[58] In our view, the needs and requirements for audit trails as disclosed by these documents point to an environment in the art in which it was generally known to provide an audit trail for the computerized generation of accounting entries.

[59] As to the Applicant’s arguments that the specifics of an audit trail entry for converting accounting entries is not disclosed, we note that the specification itself refers to the manual generation of such specific adjustment entries (instant application, page 10, lines 21-23). The person skilled in the art would therefore understand the specific content of audit records associated with converting accounting entries conforming to one reporting standard to another.

[60] Indeed, this is consistent with our view of the problem/solution as presented in the instant application, namely, the automated conversion of accounting entries that was previously performed manually. The specifics of such conversion processes were already known, but the solution as claimed was to automate such known conversion processes.

[61] In light of the above, our view is that generating an adjustment journal entry would have been obvious to the person skilled in the art in light of the CGK.

Difference 2

[62] The PR letter viewed that this difference constituted steps which would have been obvious to the person skilled in the art:

Regarding the second identified difference with regards to dependent claims 3, 4, 14 to 22 and 28, namely, journal entries from various source systems and for various loan types, these aspects are CGK, as evidenced by reference to D5, identified above in the section on CGK. Thus, in our preliminary view, this difference would have been obvious to the person skilled in the art as part of their CGK.

[63] Given that the Applicant did not contest our *Sanofi* step (4) analysis with respect to difference 2 as presented in the PR letter, our view is that the generation of journal entries from various source systems and for various loan types would have been obvious to the person skilled in the art in light of the CGK.

Difference 3

[64] The PR letter viewed that this difference constituted steps which would have been obvious to the person skilled in the art:

Regarding the third identified difference with regards to dependent claim 9, namely, source of journal entries comprising application software, this aspect is CGK, as evidenced by references to D4, identified above in the section on CGK. Thus, in our preliminary view, this difference would have been obvious to the person skilled in the art as part of their CGK.

[65] Given that the Applicant did not contest our *Sanofi* step (4) analysis with respect to difference 3 as presented in the PR letter, our view is that the source of journal entries comprising application software would have been obvious to the person skilled in the art in light of the CGK.

Difference 4

[66] The PR letter viewed that this difference constituted steps which would have been obvious to the person skilled in the art:

Regarding the fourth identified difference with regards to dependent claims 10, 11, 29 and 30, namely, the rules database comprising an exclusion rules table, a reclassification rules table and an adjustment table and generating journal entries according to the second reporting standard by applying a conversion rule using the adjustment table, the exclusion rules table and the reclassification rules table, the implementation of such rules in various sub-categories or tables would be an obvious programming choice to the person skilled in the art of database management systems to implement an automatic conversion process.

We also note that D7 discloses exclusion rules through its use of subschema to specify which schema data, representing financial statement data, is included or excluded. Thus, in our preliminary view, this difference would have been obvious to the person skilled in the art as part of their CGK.

[67] Given that the Applicant did not contest our *Sanofi* step (4) analysis with respect to difference 4 as presented in the PR letter, our view is that the rules and their organization within a financial reporting system would have been obvious to the person skilled in the art in light of the CGK.

[68] In light of the above, it is our view all the identified differences between the claims on file and the prior art document D7 constituted steps which would have been obvious to the person skilled in the art in light of the CGK.

CONCLUSION

[69] This review has determined that claims 1-31 on file would have been obvious to the person skilled in the art having regard to D7 in light of the CGK and thus claims 1-31 on file are non-compliant with paragraph 28.3(b) of the *Patent Act*.

RECOMMENDATION OF THE BOARD

[70] In view of the above, the Panel recommends that the application be refused on the basis that claims 1-31 on file would have been obvious and thus non-compliant with paragraph 28.3(b) of the *Patent Act*.

Lewis Robart
Member

Mara Gravelle
Member

Andrew Strong
Member

DECISION OF THE COMMISSIONER

[71] I concur with the findings and recommendation of the Board that the application should be refused because claims 1-31 on file would have been obvious and thus non-compliant with paragraph 28.3(b) of the *Patent Act*.

[72] 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 30th day of April, 2019