TOPIC: J-00   Meaning of Art

          J-50   Mere Plan

SUJET: J-00   Signification de la technique

          J-50   Simple Plan

Application No. : 2,661,758

Demande nº 2 661 758

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,661,758, having been rejected under subsection 30(3) of the *Patent Rules* (SOR/96-423) as they read immediately before October 30, 2019, has consequently been reviewed in accordance with paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251). 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 Canadian patent application number 2,661,758 which is entitled "UTILIZING PHRASE TOKENS IN TRANSACTIONS" and is owned by Amazon Technologies, Inc. ("the Applicant").

[2]   A review of the rejected application has been conducted by the Patent Appeal Board ("the Board") pursuant to paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251). As explained in more detail below, my recommendation to the Commissioner of Patents is to refuse the application.

BACKGROUND

The application

[3]   Canadian patent application 2,661,758, based on a previously filed Patent Cooperation Treaty application, is considered to have a filing date of August 27, 2007, and was laid open to public inspection on February 28, 2008.

[4]   The application relates to financial transactions. More specifically, it relates to facilitating transactions utilizing transaction phrase tokens that are associated with transaction accounts.

Prosecution history

[5]   On March 10, 2017, a Final Action ("FA") was issued pursuant to subsection 30(4) of the *Patent Rules* (SOR/96-423) as they read immediately before October 30, 2019, in which the application was rejected on the basis of non-statutory subject-matter. The FA stated that claims 1 to 18, dated February 18, 2015 ("claims on file") did not comply with section 2 of the *Patent Act*.

[6]   On June 14, 2017, a response to the FA ("RFA") was filed by the Applicant. In the RFA, the Applicant argued that the claims were directed to patentable subject-matter and complied with section 2 of the *Patent Act*. Additionally, the Applicant submitted a proposed set of claims 1 to 20 ("proposed claims") for consideration.

[7]   Since the Examiner maintained the position that the application did not comply with section 2 of the *Patent Act* after considering the RFA, the application was forwarded to the Board on May 2, 2018, along with a Summary of Reasons ("SOR"). In the SOR, the

Examiner stated that the claims on file were still considered to be directed to non-statutory subject-matter and did not comply with section 2 of the *Patent Act*, and that the proposed claims did not overcome the non-statutory subject-matter defect.

[8]   The SOR was forwarded to the Applicant on May 4, 2018. In a letter dated August 2, 2018, the Applicant indicated its continued interest in the application being reviewed by the Board.

[9]   The undersigned has been assigned to review the rejected application on behalf of the Commissioner of Patents under paragraph 199(3)(c) of the *Patent Rules* (SOR/2019-251).

[10]   In a preliminary review letter dated April 1, 2020 ("PR letter"), I presented my preliminary analysis and rationale as to why the subject-matter of the claims on file did not comply with section 2 of the *Patent Act*. In the PR letter, I also considered that the proposed claims would not comply with section 2 of the *Patent Act* and thus could not be considered "necessary" amendments under subsection 86(11) of the *Patent Rules* (SOR/2019-251). The PR letter also offered the Applicant the opportunities to make written submissions and to attend an oral hearing.

[11]   In an email communication dated May 12, 2020, the Applicant indicated that they did not wish to participate in the oral hearing and would not make further written submissions.

ISSUE

[12]   There is only one issue to be considered in this review:

- Whether the claims on file define statutory subject-matter, as required by section 2 of the *Patent Act*.

[13]   In this review, I will first address the subject-matter issue for the claims on file. Then I will consider whether the proposed claims would constitute a necessary amendment under subsection 86(11) of the *Patent Rules*.

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 at paragraphs 49(f) and (g) and 52). In accordance with the *Manual of Patent Office Practice* (CIPO) at §12.02, revised June 2015 [*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 required to achieve the disclosed solution as claimed.

Statutory subject-matter

[15] The definition of invention is set out in section 2 of the *Patent Act:*

> "[I]nvention" 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] Following the Federal Court of Appeal decision in *Canada (AG) v Amazon.com,* 2011 FCA 328 [*Amazon*], 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.

[17] As indicated in *PN2013-03*, section 2 of the *Patent Act* provides the definition of invention and must be read in conjunction with subsection 27(8) of the *Patent Act*, which excludes mere scientific principles and abstract theorems. Disembodied inventions (e.g., mere ideas, plans, or sets of rules) are not included within the meaning of section 2 of the *Patent Act*. Where a computer is found to be an essential element of a construed claim, or if the claim is directed to a technical solution to a technical problem, the claimed subject-matter will generally be statutory. On the other hand, if it is determined that the essential elements of a construed claim are limited to only matter excluded from the definition of invention, and do not define "something with physical existence, or something that manifests a discernible effect or change" (*Amazon*, paragraph 66), the claim is not compliant with section 2 of the *Patent Act*, and consequently, not patentable.

ANALYSIS

Purposive construction

[18] There are 18 claims on file, including independent claims 1, 16, and 18, and dependent

claims 2 to 15 and 17. In my view, independent claims 1, 16, and 18 are representative of the claims on file:

> 1. A system for facilitating transactions comprising:
>
> a computing system, having a processor and a memory, for executing programmable instructions that implement a data store, the data store including processing information associated with one or more transaction phrase tokens, wherein at least one transaction phrase token consists of an unambiguous set of characters selected in their entirety by a transaction phrase token holder; and
>
> a computing system, having a processor and a memory, for executing programmable instructions that implement a transaction phrase token processing service, the transaction phrase token processing service processing a request to complete a transaction from a requestor, wherein the request includes a representation of a selected transaction phrase token provided by a transaction phrase token holder to the requestor;
>
> wherein the transaction phrase token processing service accesses the processing information associated with the selected transaction phrase token;
>
> wherein the processing information associated with the selected transaction phrase token identifies a transaction account associated with the selected transaction phrase token; and
>
> wherein the transaction phrase token processing service processes the request in connection with the transaction account associated with the selected transaction phrase token based on the processing information associated with the selected transaction phrase token.
>
> 16. A method for facilitating the processing of transactions comprising:
>
> obtaining a request for completion of a transaction between two parties, wherein a transmitting party is associated with at least one transaction phrase token, wherein the transaction phrase token corresponds to an unambiguous set of characters selected in their entirety by the transmitting party, and wherein the transmitting party solely transmits the transaction phrase token to a receiving party to elicit a debiting of a transaction account associated with the transaction phrase token; and
>
> processing the request for completion of the transaction based upon a configuration of the transaction phrase token, wherein the configuration of the transaction phrase token identifies the transaction account associated with the transaction phrase token, and wherein processing the request comprises completing the transaction in connection with the transaction account identified by the configuration of the transaction phrase token.
>
> 18. A computer readable medium encoded with computer program codes for directing a computer to perform any one of the methods of Claims 16 or 17.

[19] Dependent claims 2 to 15 and 17, which are directly or indirectly dependent upon claim 1 or claim 16, recite further limitations and will be discussed following the analysis of the independent claims.

The person skilled in the art

[20] In the PR letter, the person skilled in the art was identified as stated in the FA (page 3):

> In view of statements in the description (page 1, line 1 to page 2, line 4 of the description), the person skilled in the art, who may be a team of people, to whom the application is directed can be characterized as skilled in the fields of financial transactions and security.

[21] The Applicant has not disputed this characterization and it is adopted for this review.

The common general knowledge

[22] In the PR letter, the CGK of the skilled person was identified as stated in the FA (page 3):

> The person skilled in the art would possess the following CGK: financial information and transactions, transaction security, and devices for making financial transfers.
>
> Additionally, given the lack of detail in the present description, the implementation of the claimed subject matter using a communications network, computing devices, computing systems, processors, Internet, and memory would have been within the common general knowledge of the person skilled in the art.

[23] Additionally, in the PR letter, based on the information from the "Background" section of the present application, the following additional knowledge was identified as CGK:

- Knowledge of performing financial transactions between two parties, typically a customer and a service provider, with or without a third-party intermediary;

- Knowledge of conducting financial transactions over communication networks;

- Design, implementation, operation, and maintenance of:

  o financial transaction systems including service provider devices, client devices with user interfaces, and third-party intermediary devices using conventional computer technology;

  o communication networks used for conducting financial transactions, which utilize conventional internetworking technologies and protocols; and

- Knowledge of using an account identifier associated with a transaction account, and a third-party intermediary, to perform financial transactions.

[24] The Applicant has not disputed the CGK as identified above.

Meaning of terms

[25] In the PR letter, the estimation of the skilled person's understanding of the terms "transaction phrase token" and "transaction phrase processing service" were provided:

> I consider the meanings of the expressions "transaction phrase token" and "transaction phrase processing service," which are used in the claims on file, significant to the statutory subject-matter analysis.
>
> Transaction phrase token
>
> The specification provides its definition and examples of this term (page 6, lines 16 to 24):
>
>> [E]ach unambiguous transaction phrase token corresponds to a set of one or more characters selected by the transaction phrase token holder that relays a secondary meaning to the transaction phrase token holder when communicated in their entirety, such as spoken, written, published, etc. The unambiguous phrase token may be specific to a particular language, dialect, or set of symbols (e.g., alphanumeric characters). The secondary meaning relayed by the transaction phrase token can correspond to a characteristic of a transaction phrase token holder (e.g., "Number One Pearl Jam Fan") or a characteristic of an intended use of the transaction phrase token (e.g., "Joe's Rent and Utilities").
>
> Based on the paragraph above and considering the application as a whole, I provide my estimation of the skilled person's understanding of this term:
>
> - Transaction phrase token: an unambiguous set of characters that is selected by a transaction phrase token holder and relays a second meaning to the transaction phrase token holder. The token is associated with a transaction account. In my preliminary view, the transaction phrase token is simply an alias for a transaction account and its related transaction processing rules, which is often presented as a multiple word phrase.
>
> Transaction phrase processing service
>
> The specification of the application does not provide definitions of this term, and there is no established meaning for it in the art. The specification recites (pages 7, 9, and 11):
>
>> [T]o elicit a transfer of funds/credit, the other party transmits a request for transfer of funds to a transaction phrase token processing service identifying relevant information to the transaction, such as a transaction amount, a representation of the offered transaction phrase token, and any additional information. <u>The transaction phrase token processing service receives the request and can apply various processing rules associated with the offered transaction phrase token</u>…
>>
>> ...
>>
>> The transaction phrase token holders 102D and 102E may transmit and/or receive transaction phrase tokens via a variety of communication devices, such as computing devices, specialized devices (such as kiosks or point-of-sale terminals), telephonic devices, <u>voice interfaces</u>, visual interfaces, or <u>orally via human agents</u>.
>>
>> ...

The transaction phrase token system 100 can further include a transaction phrase token processing service 112 <u>for facilitating the completion of transactions between two or more transaction phrase token holders 102</u>. As will be explained in greater detail below, the transaction phrase token processing service 112 can <u>obtain requests to debit/credit transaction accounts associated with transaction phrase tokens and process the requests accordingly</u>.

...

As previously described, any one of a variety of communication methods may be utilized to transmit the transaction phrase token including, but not limited to, communication network software applications (e.g., a Web page, instant message, etc.), wireless communication applications (e.g., a text message, a Bluetooth transmission, etc.), specialized hardware/software (e.g., kiosks, point-of-sale terminals, connectable devices), <u>orally (e.g., telephone or in person)</u>, and/or other publication mechanisms (e.g., tablet computing devices, barcodes, <u>paper</u>, etc.) [Emphases added].

Based on the paragraphs above and considering the application as a whole, I provide my estimation of the skilled person's understanding of this term:

- Transaction phrase processing service: an intermediary service for facilitating financial transactions, which receives transaction requests containing character-based tokens, and processes the transactions using accounts linked to the tokens, based on pre-configured transaction processing rules. This service may be implemented using computer technology, or conducted by human agents [Emphases in the original].

[26] The Applicant has not disputed this characterization.

Problem and solution

[27] In the FA (page 4), the following problem and solution were identified:

The person skilled in the art, having read the specification and in light of their CGK, would consider that the problem addressed by the claimed invention is how to determine unambiguous transactions (page 1, line 1 to page 2, line 4 of the description)...

The person skilled in the art, having read the specification and in light of their CGK, would consider that the description provides the following solution: determining unambiguous transactions using a method of processing a transaction requests based on a token configuration.

[28] For completeness and clarity, the following analysis was provided in the PR letter:

The description of the application (pages 1 and 2) recites the following observed deficiencies of the related art:

[T]he expanded transactional opportunities can create additional concerns related to the exchange of detailed financial account information, such as bank account numbers, and/or personal information. In one aspect, <u>the parties to a transaction may be hesitant</u>

about revealing detailed financial information and personal information because of the
potential for fraudulent use of the information, especially if the other entity is
unknown or not trusted. In another aspect, the parties to a transaction may be cautious
to exchange financial information because of the potential for processing erroneous
transaction information by one party, such as incorrect quantities, transaction amounts,
or duplicate charges.

One attempt to mitigate the concerns associated with the exchange of financial
information relates to the creation of third-party intermediary accounts. In accordance
with this embodiment, a third-party service provider can establish specialized
transactional accounts that are backed by a financial account, such as a checking
account at a bank, a credit card account, a stored value card account, etc. If both
parties to a financial transaction maintain specialized transactional accounts, the
parties can freely exchange their transactional account information, in the form of an
account identifier, which allows the service provider to debit/credit each respective
account... Nevertheless, current approaches to facilitating transactions can become
deficient in the representation of the specialized transaction account as a numerical
account number. Furthermore, current approaches to the processing of transactions
utilizing specialized transaction account numbers are not easily configurable by the
account holder. For example, account holders typically do not have the ability to
configure their conventional transaction account, such as by automatically configuring
acceptance of transactions, limiting transaction exposure, and the like [Emphases
added].

Having considered the above cited paragraphs in the context of the entire specification, I am
of the preliminary view that the problem to be solved as seen by the skilled person is a need
to facilitate financial transactions between two parties using an intermediary without
revealing financial and personal information directly between the two parties, while having
the ability to configure transaction accounts easily.

Based on the same paragraphs and considering the application as a whole, in my preliminary
view, the proposed solution is considered to be a method for facilitating financial
transactions using an intermediary with pre-configured transaction rules to process the
transactions, wherein character sets are used as transaction phrase tokens that are associated
with transaction accounts and transaction processing rules [Emphases in the original].

[29] The Applicant has not disputed this characterization.

The essential elements

[30] In the FA (page 4), the following essential elements were identified:

Having purposively construed the claims in light of the specification, the person skilled in
the art would consider the following elements to be essential to achieving the proposed
solution:

- Having one or more transaction phrase tokens consisting of an unambiguous set of
characters selected by the transaction phrase token holder;

- Obtaining a request for a transaction between two parties wherein the request contains a transaction phrase token from the transmitting party;

- Processing the transaction wherein the transaction phrase token identifies the account and completes the transaction with the account identified by the transaction phrase token.

[31] In the RFA, the Applicant contended that the transaction phrase token processing service was essential and should not be omitted from the above identification.

[32] The PR letter agreed that the transaction phrase token processing service was essential to the claimed subject-matter because it was an intermediary used to facilitate financial transactions to address the need of not revealing financial and personal information directly between parties during the transactions.

[33] However, the PR letter explained that the presence of the transaction phrase token processing service in the claims would not render the claimed subject-matter patentable, and that the computer elements in the claims were not essential:

> As discussed above, this service may be implemented manually by using human agents. Since the application is not directed to solving a problem regarding how this intermediary is implemented, I am of the preliminary view that the computer elements relating to this service, as claimed, are not essential.
>
> The skilled person would understand that the computer as recited in the claims is used for general purpose calculation and data processing tasks, which is supported by the lack of implementation details in the specification regarding how the claimed method steps are implemented with computer technology. As explained in *Schlumberger Canada Ltd v Canada (Commissioner of Patents)*, [1982] 1 FC 845 (CA) [*Schlumberger*], "it is precisely in order to make that kind of calculation that computers were invented." Needing a computer for its convenience and expedited data processing does not make the computer essential for the working of an invention. The claimed subject-matter is not directed to any challenges in the operations or implementations of specific computer hardware or software, and there is no indication regarding practical problems relating to the implementation or operation of a computer in the specification. Similar to *Schlumberger*, using computer technology to implement an abstract process does not render the process patentable. Therefore, in my preliminary view, the computer components, as claimed, are not considered to be essential to the claimed subject-matter since they are not part of the identified problem or solution.

[34] In the RFA, the Applicant submitted that purposive construction should be applied to at least each independent claim individually and should take into account the differences between these claims.

[35] The PR letter provided rationale why independent claims 1, 16 and 18 shared the same set of essential elements, which were identified:

[I]n my preliminary view, independent claims 1, 16, and 18 share the same set of essential elements, which represent a method of facilitating transactions using transaction phrase tokens. The differences between these claims are that claim 1 recites a system comprising additional computer elements to perform the method steps, and claim 18 recites an additional computer readable medium encoded with computer program codes to perform the method steps. As explained above, the computer elements are not considered to be essential to the claimed subject-matter. Therefore, it is my preliminary view that claims 1, 16, and 18 share the following set of essential elements:

- selecting, by a transaction phrase token holder, a transaction phrase token consists of an unambiguous set of characters;

- processing, by a transaction phrase token processing service, a request to complete a transaction from a requestor, wherein the request includes a representation of a selected transaction phrase token provided by a transaction phrase token holder to the requestor;
    - wherein the transaction phrase token processing service accesses the processing information associated with the selected transaction phrase token;
    - wherein the processing information associated with the selected transaction phrase token identifies a transaction account associated with the selected transaction phrase token; and
    - wherein the transaction phrase token processing service processes the request in connection with the transaction account associated with the selected transaction phrase token based on the processing information associated with the selected transaction phrase token.

[36] In the PR letter, further features of dependent claims 2 to 15 and 7 were also considered:

Dependent claims 2 to 15 and 17 set forth the following additional features:

- the transaction account is controlled by the transaction phrase token holder (claim 2);

- the transaction includes a transfer of control of an agreed upon element from a party other than the transaction phrase token holder to the transaction phrase token holder (claim 3);

- the transaction phrase token processing service processes the request by requesting transaction phrase token holder approval of the transaction (claim 4);

- the transaction phrase token processing service updates the processing information based upon receipt of an approval/rejection by the transaction phrase token holder corresponding to the selected transaction phrase token, the approval/rejection based on at least one of an identified vendor and a defined value (claims 5, 6, and 17);

- the set of characters in their entirety has a secondary meaning to a transaction phrase token holder, the secondary meaning corresponding to at least one of an audible representation of the set of characters and a publication of the set of characters (claim 8);

- a token issuer for assigning transaction phrase tokens to transaction phrase token holders (claim 9);

- the request to complete the transaction request is received from a party other than the transaction phrase token holder, and wherein the transaction phrase token processing service facilitates a reconciliation of the transaction account associated with the selected transaction phrase token upon a successful processing of the transaction request, wherein the reconciliation of the transaction account includes at least one of a debiting of the transaction account or a crediting the transaction account (claims 10 and 11);

- the transaction phrase token processing service further assigns new transaction phrase tokens and wherein each new transaction phrase token corresponds to a set of characters associated with a transaction account, wherein the set of characters consists of a set of characters selected in their entirety by a transaction phrase token holder associated with a transaction phrase token assignment request (claim 12);

- the transaction phrase token processing service determines whether a target transaction phrase token is unambiguous (claim 13);

- the transaction phrase token processing service further provides a marketplace for transferring control of a transaction phrase token (claim 14); and

- the processing information associated with the selected transaction phrase token includes at least one of an acceptable transaction amount, an acceptable vendor, an acceptable transmitting party, a qualification level for a transaction, an expiration date, an acceptable agreed upon element, an unacceptable transaction amount, an unacceptable vendor, an unacceptable agreed upon element, threshold levels for the configuration information, or a required reputation score (claim 15).

In addition, claim 7 recites automatically processing the transaction according to the processing information associated with the selected transaction phrase token; claim 13 recites generating an interface for obtaining a target transaction phrase token; claim 14 recites providing an interface for associating metadata with transaction phrase tokens.

In my preliminary view, the additional features regarding the transaction rules of the dependent claims 2 to 15 and 17 are directed to further refinements to the elements of the independent claims. These additional transaction rules are considered to be essential to the claims they belong to. For the same reasons as explained above with regard to the independent claims, the computer elements and the interfaces as recited in claims 7, 13, and 14 are not considered to be essential for the dependent claims since they are not part of the identified solution to the identified problem.

[37] The Applicant has not disputed the analysis above.

Statutory subject-matter

[38] In the RFA, the Applicant cited *Shell Oil Co v Canada (Commissioner of Patents)*, [1982], 2 S.C.R. 536 [*Shell Oil*] and contended that:

The Federal Court of Canada has ruled that such considerations are addressed in Canada by asking whether the claimed invention has a "practical application" within the meaning of the three-part test for "art" set forth in *Shell Oil*, which was adopted by the Federal Court of Appeal in *Amazon.com*. The three-part test for "art" under *Shell Oil* requires that the subject matter defined by the claim as purposively construed:

i) must not be a disembodied idea but have a method of practical application;

ii) must be a new and innovative method of applying skill and knowledge; and

iii) must have a commercially useful result.

The Federal Court of Appeal in *Amazon.com* clarified that the "practical application" requirement of the test for "art" requires either "something with physical existence, or something that manifests a discernible effect or change". Accordingly, schemes and plans are only precluded from patentability in Canada if they fail to satisfy requirement (i) of the test for "art".

…

Applicant therefore reiterates the arguments submitted in the previous response that claims 16 and 17 recite a statutory "art" or "process" that complies with the requirements in *Shell Oil*. Applicant also submits compliance with *Shell Oil* is sufficient to demonstrate compliance with section 2 of the *Patent Act*, whether or not the claims are regarded by the Examiner as being directed to a mere scheme or plan. [Emphasis in the original].

[39]   The PR letter explained that, as observed by the Federal Court of Appeal in *Amazon* at paragraph 51, the requirements listed in *Progressive Games Inc v Canada (Commissioner of Patents)*, 1999, 3 C.P.R. (4th) 517, based on its interpretation of *Shell Oil,* could be taken as broadly reflecting statutory requirements (e.g., of subsections 27(8) and 28.2(1), and section 28.3 of the *Patent Act*). They cannot, however, be taken as a serial three-prong test for determining whether subject-matter belongs to a category of invention in section 2 of the *Patent Act*. For example, a subject-matter's novelty and inventiveness (or lack thereof) would not indicate whether it is statutory subject-matter under section 2 of the *Patent Act*.

[40]   In the RFA, the Applicant further contended that the inclusion of hardware elements during the prosecution was "a strong representation of Applicant's intent that these added elements should be considered essential". The Applicant also cited *Free World Trust* and *Martinray Industries Ltd v Fabricants National Dagendor Manufacturing Ltd* (1991), 41 C.P.R (3d) 1 (F.C.T.D), and contended that each claim element was presumed to be essential unless the contrary was clearly indicated, and:

Thus, even where it would have been obvious on the publication date that variants of a claim element would have no material effect on the way the invention works, it is still necessary to prove that the inventor did not intend strict compliance with the literal meaning of the claim and did not intend to exclude minor variants that have no material effect on the way the

invention works. It is clear that the required proof of the inventor's intent in this respect can come only from within the four corners of the patent specification itself: the Supreme Court of Canada has ruled that it is not permissible to resort to extrinsic evidence of the inventor's intention.

In this case Applicant submits that the express inclusion of the above hardware elements in claims 1-15 along with a recitation of how the hardware elements co-operate to provide the claimed configurations and functionality prohibits a purposive construction that would omit these elements. In amending the claim, Applicant did not just amend the preamble of the claim to recite, for example, "a computer implemented system" in an attempt to make the claim acceptable to the Patent Office. Rather Applicant chose to integrally recite the computing systems, the data store, and interactions between these elements in the amended claim. It is therefore respectfully submitted that the exclusion of these elements amounts to the Patent Office redrafting Applicant's claims, which is completely contrary the first principle of purposive claim construction set out in *Free World Trust* i.e. "(a) The *Patent Act* promotes adherence to the language of the claims."

Applicant therefore reiterates the comments made in previous submissions on February 18, 2015 and February 1, 2016 setting out in detail reasons why Applicant considers the Office's purposive construction of claims 1-15 to be incorrect under Canadian law. Applicant therefore respectfully submits that all recited elements are essential to the claim. Although the Practice Notice PN 2013-03 cited by the Examiner in the Final Office Action does not have the force of law, the statement on page 2 that "where a computer is found to be an essential element of a construed claim, the claimed subject-matter will generally be statutory", should thus satisfy the requirement that claims 1-15 be directed to statutory subject matter.

[41] The PR letter provided explanation why the arguments above were not persuasive:

I agree that all claimed elements must be considered during a purposive construction of the claims. However, the mere presence of a feature in the claims would not automatically render the feature essential to the claimed subject-matter. In my preliminary view, considering every item recited in a claim as essential according to the inventors' intent would amount to literal construction. As explained in *Amazon* at paragraphs 43 and 44:

However, it seems to me that the jurisprudence of the Supreme Court of Canada, in particular *Free World Trust* and *Whirlpool*, requires the Commissioner's identification of the actual invention to be grounded in a purposive construction of the patent claims. It cannot be determined solely on the basis of a literal reading of the patent claims, or a determination of the "substance of the invention" within the meaning of that phrase as used by Justice Binnie, writing for the Supreme Court of Canada in *Free World Trust*, at paragraph 46.

Purposive construction will necessarily ensure that the Commissioner is alive to the possibility that a patent claim may be expressed in language that is deliberately or inadvertently deceptive. Thus, for example, what appears on its face to be a claim for an "art" or a "process" may, on a proper construction, be a claim for a mathematical formula and therefore not patentable subject matter. That was the situation in *Schlumberger Canada Ltd v. Canada (Commissioner of Patents)*, [1982] 1 F.C. 845 (C.A) [emphases added].

14

Therefore, as stated in *MOPOP*, while claim construction during examination must remain anchored in the language of the claims, it "cannot be determined solely on the basis of a literal reading" of the claims. A properly informed purposive construction must consider the application as a whole, and the form of the claim language chosen by the inventor cannot override all other considerations during purposive construction of the claims.

Furthermore, as explained in *Amazon*, at paragraph 61, "it does not necessarily follow… that a business method that is not itself patentable subject-matter because it is an abstract idea becomes patentable subject-matter merely because it has a practical embodiment or a practical application". For the application, similar to *Schlumberger*, using generic computer elements in a practical embodiment does not render the computer elements as claimed essential, nor does it render the claimed abstract rules regarding financial transaction processing patentable [Emphases in the original].

[42] As indicated in the analysis of the essential elements of the claimed subject-matter, the essential elements of the claims on file comprise rules regarding performing financial transactions using transaction phrase tokens, which are represented by character sets. Such subject-matter is directed to a series of abstract rules. These elements do not comprise matter that manifests a discernible effect or change and are outside the definition of invention in section 2 of the *Patent Act*.

[43] Therefore, claims 1 to 18 on file do not define statutory subject-matter and thus do not comply with section 2 of the *Patent Act.*

Proposed claims

[44] The PR letter explained why the proposed claims were not considered to be "necessary" amendments under subsection 86(11) of the *Patent Rules*:

> In the proposed claims, only claims 19 and 20 are added to the claims 1 to 18 on file. The newly submitted claims 19 and 20 in the proposed claims recite elements that generally correspond to the elements recited in claim 1, as indicated in the RFA (page 14). Therefore, no additional elements or features are added in the proposed claims. In this case, I preliminarily consider that the proposed claims would not change the identifications of the skilled person, CGK, problem/solution, and the essential elements. Consequently, the proposed claims 1 to 20 would not comply with section 2 of the *Patent Act*, for the same reasons stated above.

> In summary, the proposed claims cannot be considered to be "necessary" amendments under subsection 86(11) of the *Patent Rules* because they do not comply with section 2 of the *Patent Act*.

RECOMMENDATION OF THE BOARD

[45] In view of the above, I recommend that the application be refused on the ground that the claims on file are directed to non-statutory subject-matter and thus do not comply with section 2 of the *Patent Act*.

[46] Further, the proposed claims do not overcome the non-statutory subject-matter defect and therefore the introduction of these claims does not constitute "necessary" amendments pursuant to subsection 86(11) of the *Patent Rules*.

Liang Ji

Member

DECISION OF THE COMMISSIONER

[47] I concur with the findings of the Board and its recommendation that the application should be refused because the claims on file do not define statutory subject-matter and thus do not comply with section 2 of the *Patent Act*.

[48] Therefore, in accordance with section 40 of the *Patent Act*, 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 13th day of July, 2020