

Citation: Paymentus Corporation (Re), 2021 CACP 23

Commissioner's Decision #1576

Décision du commissaire n°1576

Date: 2021-05-06

TOPIC: J-00 Meaning of Art

J-50 Mere Plan

SUJET: J-00 Signification de la technique

J-50 Simple Plan

Application No. : 2,503,740

Demande n° 2 503 740

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,503,740, 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 2,503,740 which is entitled “ELECTRONIC PAYMENT SYSTEM FOR FINANCIAL INSTITUTIONS AND COMPANIES TO RECEIVE ONLINE PAYMENTS” and is owned by PAYMENTUS CORPORATION (“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 2,503,740 is considered to have a filing date of April 5, 2005, and was laid open to public inspection on September 11, 2006.
- [4] The application relates to bill payment and presentment. More specifically, it relates to a method of utilizing information in existing remittance files as source of information for electronic bills.

### Prosecution history

- [5] On November 23, 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 5 on file (“claims on file”), dated May 26, 2017, did not comply with section 2 of the *Patent Act*.
- [6] On May 15, 2018, a response to the FA (“R-FA”) was filed by the Applicant. In the R-FA, the Applicant submitted a proposed set of claims 1 to 5 (“proposed claims”) for consideration, and argued that the claimed invention was directed to patentable subject-matter and complied with section 2 of the *Patent Act*.
- [7] Since the Examiner maintained the position, after considering the R-FA, that the application did not comply with section 2 of the *Patent Act*, and that the proposed claims did not overcome the non-statutory subject-matter defect, as indicated in a Summary of

Reasons (“SOR”), the application was forwarded to the Board on June 19, 2018.

- [8] The SOR was forwarded to the Applicant on June 29, 2018.
- [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 May 28, 2020 (“PR letter”), I presented my preliminary analysis and rationale as to why the claims on file did not comply with section 2 of the *Patent Act*, and why the proposed claims cannot be considered a “necessary” amendment under subsection 86(11) of the *Patent Rules* (SOR/2019-251), based on the jurisprudence and Office Practice at the time. The PR letter also offered the Applicant the opportunities to make written submissions and to attend an oral hearing.
- [11] In preparation of the oral hearing, the Applicant submitted a written submission, dated June 29, 2020, arguing in favour of the claimed invention being allowable. The Applicant also submitted a second set of proposed claims to be discussed in the hearing.
- [12] An oral hearing was held on July 10, 2020, via teleconference. At the hearing, the undersigned raised a potential lack of support issue for the second set of proposed claims. The Applicant indicated they would reconsider the second proposed set of claims in light of the hearing and resubmit. The Office has not received any additional submission regarding the second set of proposed claims. Given the subsequent supplemental review and additional opportunity for a hearing and submissions (see paragraph [14] below), the second set of proposed claims has not been reviewed further.
- [13] Following the decision of the Federal Court of Canada in *Choueifaty v Canada (Attorney General)* 2020 FC 837 [*Choueifaty*], the Patent Office issued “Patentable subject-matter under the *Patent Act*,” (CIPO, November 2020) [*PN2020-04*]. In view of the latest guidance from *Choueifaty* and *PN2020-04*, the subject-matter issue of the present application has been reconsidered.
- [14] In a supplemental preliminary review letter (“supplemental PR letter”) dated February 17, 2021, I presented my analysis and rationale, according to the latest jurisprudence and Office Practice, as to why the claimed subject-matter of the claims on file and the proposed claims was prohibited under subsection 27(8) of the *Patent Act* and did not comply with section 2 of the *Patent Act*. The Applicant was also offered the opportunities to make further submissions and to attend another oral hearing.

[15] In a letter dated March 16, 2021, the Applicant indicated that they would not provide further written submissions and that they would not attend the oral hearing.

## ISSUES

[16] There are two issues to be considered in this review:

- whether the claims on file define patentable subject-matter, as required by the *Patent Act*; and
- whether the proposed claims define patentable subject-matter, as required by the *Patent Act*.

## LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

### Purposive construction

[17] In accordance with *Free World Trust v Électro Santé Inc*, 2000 SCC 66 and *Whirlpool Corp v Camco Inc*, 2000 SCC 67, purposive construction is performed from the point of view of the person skilled in the art in light of the relevant common general knowledge (CGK), considering the whole of the disclosure including the specification and drawings. In addition to interpreting the meaning of the terms of a claim, purposive construction distinguishes the essential elements of the claim from the non-essential elements. Whether or not an element is essential depends both on the intent expressed in or inferred from the claim, and on whether it would have been obvious to the skilled person that a variant has a material effect upon the way the invention works.

[18] *PN2020-04* also discusses the application of these principles, pointing out that all elements set out in a claim are presumed essential unless it is established otherwise or such presumption is contrary to the claim language.

### Patentable subject-matter

[19] 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.

[20] Subsection 27(8) of the *Patent Act* also prescribes that:

No patent shall be granted for any mere scientific principle or abstract theorem.

[21] *PN2020-04* describes the Patent Office's approach to determining if a claim is patentable subject-matter:

To be both patentable subject-matter and not be prohibited under subsection 27(8) of the *Patent Act*, the subject-matter defined by a claim must be limited to or narrower than an actual invention that either has physical existence or manifests a discernible physical effect or change and that relates to the manual or productive arts, meaning those arts involving or concerned with applied and industrial sciences as distinguished in particular from the fine arts or works of art that are inventive only in an artistic or aesthetic sense.

[22] *PN2020-04* further describes the Patent Office's approach to determining if a computer-related invention is patentable subject-matter. For example, the mere fact that a computer is among the essential elements of the claimed invention does not necessarily mean that the claimed invention is patentable subject-matter. An algorithm itself is abstract and unpatentable subject-matter. A computer programmed to merely processes the algorithm in a well-known manner without solving any problem in the functioning of the computer will not make it patentable subject-matter because the computer and the algorithm do not form part of a single actual invention that solves a problem related to the manual or productive arts. On the other hand, if processing the algorithm improves the functionality of the computer, then the computer and the algorithm would together form a single actual invention that solves a problem related to the manual or productive arts and the subject-matter defined by the claim would be patentable.

## ANALYSIS

### Purposive construction

[23] There are 5 claims on file, including independent claim 1 and dependent claims 2 to 4. For this analysis, claim 1 is considered to be representative:

1. A method for generating an electronic bill to a payer comprising:
  - receiving, at a trusted third party consolidator, an accounting remittance file from a payee via a network, wherein the accounting remittance file includes a plurality of unconverted data fields for storing values associated with services rendered by the payee;
  - converting, at said trusted third party consolidator, the plurality of unconverted data fields in said accounting remittance file into said electronic bill, wherein said electronic bill is prepared by said trusted third party consolidator; and
  - sending, from said trusted third party consolidator, said electronic bill to said payer via the network.

[24] Dependent claims 2 to 5 set forth the following additional features:

- the electronic bill is incorporated into a plurality of electronic bills for said payee, each of the plurality of electronic bills comprising a respective confirmation number based on said payee (claims 2 and 5);
- said plurality of electronic bills is part of a summary for electronic bills for distribution and notification to consolidators (claim 3); and
- said plurality of electronic bills are generated from source electronic bills each having different formats (claim 4).

*The person skilled in the art*

[25] As indicated in the supplemental PR letter, for this review, the person skilled in the art was identified as stated in the FA (page 2):

The person skilled in the art, which may be a team of people, is skilled in the field of electronic payments, account to account transfer and electronic bill payment and presentment (see present description, para. [0002]). The person skilled in the art is also skilled in the art of general purpose computing.

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

*Common general knowledge*

[27] The supplemental PR letter provided the following identification of the CGK of the skilled person:

The FA (page 2) identified the CGK of the skilled person as:

Prior art systems for electronic payment, such as those outlined in the background of the invention are considered to represent the common general knowledge in the art. This includes PayAnyOne systems (see pages 1 to 2) and electronic billpay applications (para. [0005]). See also figures 1 to 4.

Remittance files and billing are part of the common general knowledge in the art of billing.

The Applicant has not disputed this identification and it is preliminarily adopted in this review.

To summarize, based on the information from the “Background” section and certain paragraphs of the application, and the above statement from the FA, I consider the following knowledge as relevant CGK:

- Knowledge of “PayAnyOne” system, which allows a customer to make payments to any payee with a physical address. If the payee is known to the system, a payment is sent electronically; otherwise a paper cheque is created and mailed to the payee’s address (paragraph [0003]);

- Knowledge of electronic payment systems provided by payees. In such systems, a customer may pay a payee directly using electronic payments or by paper cheques (paragraphs [0004]);
- Knowledge of electronic payment system provided by financial institutions. In such systems, a customer can set up payees and make payments electronically (paragraphs [0007] to [0011]);
- Knowledge of electronic payment systems provided by third parties. These systems consolidate bills for different payees and send the bills to the payees (paragraphs [0008] to [0010]);
- Knowledge of electronic payment processing using the above-mentioned systems, including using a Biller Direct Web Site, a Biller Service Provider electronic billing platform, a payee directory, to make electronic payments (paragraphs [0007] and [0010], Figure 1 to Figure 4);
- Knowledge of converting bill information from paper format to electronic format, parsing the converted bill information, and loading the bill information in a database or further converting the bill information into PDF/HTML/XML or web formats (paragraphs [0049] to [0051], Figure 4);
- Knowledge of design, implementation, operation, and maintenance of the above-mentioned systems and processes using conventional computer technologies and conventional communications networks (inferred from the disclosure); and
- Knowledge of the contents of conventional remittance files, including transaction and billing information (paragraphs [0026], [0078], [0152], and [0153]).

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

#### *Essential elements*

[29] As indicated in the supplemental PR letter, according to *PN2020-04*, purposive construction is conducted by considering where the skilled person would have understood the Applicant to have intended to place the fences around the monopoly being claimed.

[30] Considering the whole of the specification, the skilled person would understand that there is no use of language in the claims indicating that any of the elements are optional, a preferred embodiment, one of a list of alternatives, or non-essential. Therefore, all elements recited in each of the claims are presumed to be essential.

#### Patentable subject-matter

[31] Although the claimed computer elements are presumed to be essential, as noted in *PN2020-04*, the mere fact that a computer is identified to be an essential element of a claimed invention for the purpose of determining the fences of the monopoly under

purposive construction does not necessarily mean that the subject-matter defined by the claim is patentable subject-matter and outside of the prohibition under subsection 27(8) of the *Patent Act*.

[32] As explained in the supplemental PR letter, I consider that the claims on file are directed to non-patentable subject-matter:

[A]s stated in *PN2020-04*, “[t]o be both patentable subject-matter and not be prohibited under subsection 27(8) of the *Patent Act*, the subject-matter defined by a claim must be limited to or narrower than an actual invention that either has physical existence or manifests a discernible physical effect or change and that relates to the manual or productive arts,” referencing, in part, *Canada (Attorney General) v Amazon.com, Inc*, 2011 FCA 328 [*Amazon*] paras 42 and 66 to 69. In *Amazon* (paras 61 to 63, 66, and 69) the court stated that a disembodied idea cannot be rendered patentable merely because it has a practical embodiment or a practical application. *Amazon* also noted that this was the situation in *Schlumberger Canada Ltd v Commissioner of Patents*, [1982] 1 FC 845 (FCA) at 205 to 206, where the computer was merely being used to make the kind of calculations it was invented to make.

For the present application, the claimed computer elements are merely used in a well-known manner to process data, including extracting information from electronic files. Regarding the claimed feature of “converting ... unconverted data fields in said accounting remittance file into said electronic bill,” in my preliminary view, it only refers to organization of data into data format that is suitable for electronic bills using well-known data processing methods. Indeed, the only place that this feature is mentioned in the specification as originally filed is in original claim 29, reciting: “converting, at said trusted third party, fields into said remittance file into said electronic bill.” In my preliminary view, the present application is not directed to any new or improved data extraction techniques using specific computer hardware or software.

In this case, using the computer for the claimed data processing rules, with conventional data processing mechanism, does not improve the functioning of the computer itself. Therefore, I am of the preliminary view that the computer does not form part of the actual invention. As the disclosure is focused on the data processing rules, in my preliminary view, the actual invention is directed to data processing rules of using remittance files as data source for electronic bills, instead of using other data sources. This subject-matter is directed to abstract rules, does not relate to the manual or productive arts, is prohibited under subsection 27(8) of the *Patent Act*, and is not considered to be patentable subject-matter under section 2 of the *Patent Act*.

Dependent claims 2 to 5 recite further data processing rules. It is my preliminary view that these claims are also directed to abstract rules and do not comply with subsection 27(8) and section 2 of the *Patent Act* for the same reasons above.

Therefore, it is my preliminary view that claims 1 to 5 on file do not define patentable subject-matter and do not comply with subsection 27(8) and section 2 of the *Patent Act*.

[33] The Applicant has not disputed this analysis and it is adopted for this review.

### Proposed claims

[34] The supplemental PR letter considered that the proposed claims did not overcome the non-patentable subject-matter defect of the claims on file, and cannot be considered a “necessary” amendment under subsection 86(11) of the *Patent Rules*:

In the proposed claims, only claim 1 is amended with the following additional feature (underlined):

- sending, from said trusted third party consolidator, said electronic bill to said payer via the network, wherein the electronic bill used to track a transaction.

The newly introduced feature concerns how the electronic bill is used. Since there is no use of language indicating that this feature is optional, a preferred embodiment, one of a list of alternatives, or non-essential, in my preliminary view, it is preliminarily considered to be essential to the proposed claims.

However, it is my preliminary view that this is a separate feature that does not cooperate with other claimed elements to form part of the single actual invention that is directed to data processing rules for obtaining electronic bill information from remittance files. In my preliminary view, whether an electronic bill is used to track a transaction is not relevant to how information in the electronic bill information is obtained. Therefore, this feature is not considered to be part of the actual invention.

It is my preliminary view that the proposed claims would not change the identification of the skilled person, CGK, and the actual invention. Therefore, in my preliminary view, the proposed claims cannot be considered to be “necessary” amendments under subsection 86(11) of the *Patent Rules* because they do not comply with either subsection 27(8) or section 2 of the *Patent Act* for the same reasons stated above.

[35] The Applicant has not disputed this analysis and it is adopted for this review.

### Conclusion

[36] I am of the view that claims 1 to 5 on file are directed to non-patentable subject-matter, which is prohibited under subsection 27(8) of the *Patent Act* and falls outside the definition of “invention” in section 2 of the *Patent Act*.

[37] I am also of the view that the proposed claims 1 to 5 cannot be considered a “necessary” amendment under subsection 86(11) of the *Patent Rules* because they do not comply with either subsection 27(8) or section 2 of the *Patent Act*.

RECOMMENDATION OF THE BOARD

[38] In view of the above, I recommend that the application be refused on the ground that all claims on file are directed to non-patentable subject-matter, which is prohibited under subsection 27(8) of the *Patent Act* and falls outside the definition of “invention” in section 2 of the *Patent Act*.

[39] Further, the proposed claims 1 to 5 do not overcome the non-patentable subject-matter defect and therefore the introduction of these claims does not constitute a “necessary” amendment pursuant to subsection 86(11) of the *Patent Rules*.

Liang Ji

Member

DECISION OF THE COMMISSIONER

[40] I concur with the findings of the Board and its recommendation that the application should be refused because claims 1 to 5 on file are directed to non-patentable subject-matter, which is prohibited under subsection 27(8) of the *Patent Act* and falls outside the definition of “invention” in section 2 of the *Patent Act*.

[41] 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.

Virginie Ethier

Assistant Commissioner of Patents

Dated at Gatineau, Quebec,

This 6<sup>th</sup> day of May 2021