Citation: Brett Eisenlohr (Re), 2021 CACP 50
Commissioner's Decision #1603
Décision du Commissaire nº1603
Date: 2021-12-14

TOPIC:	J-50	Mere Plan
	O-00	Obviousness
SUJET:	J-50	Simple plan
	O-00	Évidence

Application No. : 2,749,285

Demande nº 2 749 285

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,749,285, having been rejected under subsection 30(3) of the *Patent Rules*, as they read immediately before October 30, 2019 (former *Patent Rules*), consequently has 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 withdraw the rejection and allow the application.

Agent for the Applicant:

MACRAE & CO.
P.O. Box 806
326 Somerset St W
Ottawa, ON K2P 0J9

INTRODUCTION

[1] This recommendation concerns the review of rejected patent application number 2,749,285, which is entitled “Cooperative Environmental and Life Benefit Exchange System.” The patent application is owned by Brett Eisenlohr (the Applicant). The Patent Appeal Board (the Board) has reviewed the rejected application pursuant to paragraph 199(3)(c) of the *Patent Rules*. The outstanding defects to be addressed in this review are whether the claims define patentable subject matter and whether the claims would have been obvious. As explained below, our recommendation is to withdraw the rejection and allow the application.

BACKGROUND

The Application

[2] The instant application, based on a previously filed Patent Cooperation Treaty application, is considered to have been filed in Canada on July 8, 2009 and was laid open to the public on July 15, 2010.

[3] The instant application relates to renewable energy exchange systems. More specifically, it relates to a method and system for exchanging credits earned through the purchase and usage of renewable energy for life benefits such as health insurance.

Prosecution History

[4] On August 3, 2018, a Final Action (FA) was written pursuant to subsection 30(4) of the former *Patent Rules*. The FA explained that the application was defective on the grounds that claims 1-11 (claims on file) were directed to non-statutory subject matter and therefore do not comply with section 2 of the *Patent Act* and that the claims on file were obvious and therefore did not comply with section 28.3 of the *Patent Act*.

[5] In a December 13, 2018 response to the FA (RFA), the Applicant submitted arguments for the allowance of the claims on file. The Applicant also submitted a set of proposed claims (proposed claims).

[6] As the Examiner considered the application still did not comply with the *Patent Act*

and *Patent Rules*, the application was forwarded to the Board for review pursuant to subsection 30(6) of the former *Patent Rules*, along with an explanation outlined in a Summary of Reasons (SOR) for maintaining the rejection of the application. The SOR indicated that the proposed claims overcame the obviousness defect, though they did not remedy the defect related to subject matter.

[7] In a letter dated March 6, 2019, the Board forwarded a copy of the SOR to the Applicant. In its June 6, 2019 response to the SOR, the Applicant indicated a continued interest in having the Board review the application.

[8] A Panel of the Board (the Panel), comprised of the undersigned members, was formed to review the application under paragraph 199(3)(c) of the *Patent Rules* and to make a recommendation to the Commissioner as to its disposition. Given our recommendation that the rejection be withdrawn and the application allowed, no further written or oral submissions from the Applicant are necessary.

ISSUES

[9] The issues to be addressed by this review are whether:

- the subject matter of the claims on file is directed to non patentable subject matter as it falls outside the definition of “invention” in section 2 of the *Patent Act*.

- the claims on file would have been obvious and do not comply with section 28.3 of the *Patent Act*.

[10] In light of the Panel’s recommendation that the rejection be withdrawn and the application allowed, we have not reviewed the proposed claims.

LEGAL PRINCIPLES AND PATENT OFFICE PRACTICE

Purposive Construction

[11] In accordance with *Free World Trust v Électro Santé Inc*, 2000 SCC 66 [*Free World Trust*] and *Whirlpool Corp v Camco Inc*, 2000 SCC 67 [*Whirlpool*], 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 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.

[12] "Patentable subject matter under the *Patent Act*" (CIPO, November 2020) [*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

[13] 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.

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

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

[15] *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.

Obviousness

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

> The subject-matter defined by a claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to

> (a) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and
>
> (b) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the public in Canada or elsewhere.

[17] In *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61 [*Sanofi*] at para 67, the Supreme Court of Canada stated that it is useful in an obviousness inquiry to follow a four-step approach:

> (1)(a) Identify the notional "person skilled in the art";
>
> (b) Identify the relevant common general knowledge of that person;
>
> (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
>
> (3) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;
>
> (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[18] Below we consider the claims according to that approach.

ANALYSIS

Purposive Construction

The Skilled Person and the Relevant CGK

[19] The FA at page 4 characterized the skilled person as:

> a financial policy maker with knowledge of the electricity utility market and regulatory policies.

[20] This characterization was not disputed by the Applicant in the RFA.

[21] We adopt the above characterization and add to the skilled person as including a

computer specialist in the field of the electricity utility market.

[22] The FA at page 4 characterized the CGK as:

> [t]he person skilled in the art would possess the following CGK: knowledge of incentives and regulatory policies concerning renewable energy, knowledge of utility consumption billing and financial control operations in general.

[23] The Applicant did not dispute these characterizations in the RFA and we adopt them for this review.

[24] We identify the relevant CGK as also including:

- the design, implementation, operation and maintenance of computer systems, networks and software, including:
    - general purpose and special purpose computers, computing devices, input and output devices, processors, and user interfaces;
    - computer hardware and computer programming techniques; and
    - computer network and internet technologies and protocols.

The Essential Elements of the Claims

[25] The instant application includes 11 claims on file, with independent claims 1 and 11 directed to embodiments regarding the accumulation and payout of renewable energy source credits.

[26] Claim 1 is directed to a system for exchanging renewable energy source credits for life benefits such as health insurance. Claim 11 is directed to the method for exchanging the credits. Dependent claims 2-10 recite refinements of the independent claim steps and define additional features of the credit exchange system. We consider independent claim 1 as representative of the invention:

> 1. A cooperative environmental and life benefit exchange system, comprising:
>
> a grid network including a plurality of transmitting facilities for transmitting available electrical energy;

> a plurality of energy generation systems cooperating within the grid network, the energy generation systems include renewable energy generation systems for generating electrical energy provided to the grid network;
>
> a plurality of consumer accounts for tracking purchases from the grid network, electrical energy generated from renewable energy sources, and the purchased electrical energy used at a site of a consumer;
>
> a plurality of credits accumulated in the plurality of the consumer accounts through the purchase of electrical energy generated from renewable energy sources, a value of each credit corresponding to a predetermined amount of electrical energy generated from renewable energy sources used and purchased from the grid network in energy purchase and sale transactions;
>
> a plurality of life benefits each acquired at a benefit cost, the plurality of life benefits selected from a group consisting of health insurance, life insurance, educational assistance, retirement savings, housing allowance, and food allowance; and
>
> a data processor configured to register and track the plurality of credits within the exchange system, the data processor determines an amount of credits assigned to each of the consumer accounts based on the energy purchase and sale transactions and supervises a redemption process by which the credits accumulated by one or more of the plurality of consumer accounts are redeemed at a redemption rate to provide a redemption value, the redemption value being remitted to satisfy the cost for acquiring one or more of the life benefits, or portions thereof.

[27] The FA at page 4 performed a purposive construction that resulted in a set of essential elements for certain claims according to a previous Patent Office practice, now superseded by *PN2020-04*. We undertake anew the identification of essential elements.

[28] According to *PN2020-04*, purposive construction is conducted in accordance with the principles set out by the Supreme Court of Canada in *Free World Trust* and *Whirlpool*. The objective determination considers where the person skilled in the art would have understood the applicant to have intended to place the fences around the monopoly being claimed.

[29] Considering the representative claim 1, and the whole of the specification, the person skilled in the art would understand that there is no use of language indicating that any of the elements in each claim are optional, a preferred embodiment or one of a list of alternatives. Nor is there any indication in the record before us that would lead to a determination of any claimed elements being non-

essential.

[30] Therefore we consider all the elements of the claims on file to be essential.

Patentable Subject Matter

[31] In the FA at pages 4-5, having identified that the essential elements of the claims were directed to a mere scheme, plan, rule(s), or mental process(es), the Examiner concluded that the claims encompass subject-matter that lies outside the definition of “invention” and does not comply with section 2 of the *Patent Act*.

[32] Given that our view of the essential elements differs from that of the FA, we undertake anew the assessment of patentable subject-matter according to *PN2020-04*.

[33] Claims 1 and 11 set out the use of a grid network which includes transmitting facilities for transmitting electrical energy as well a energy generation systems. In our view, it is evident from the claim language and the rest of the specification that the rules of accumulating credits through purchasing of electrical energy cooperate with the electrical energy grid network. In particular, the generation of renewable energy and tracking of its usage serves as the input to the analysis that determines the accumulation of credits redeemable for life benefits. They thus form a single actual invention that has physical existence.

[34] Therefore it is our view that the subject matter of claims 1-11 is directed to patentable subject matter as it falls inside the definition of “invention” in section 2 of the *Patent* Act. It is also not prohibited under subsection 27(8) of the *Patent Act.*

Obviousness

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

[35] We have identified the skilled person above under Purposive Construction.

(1)(b) Identify the relevant CGK of that person

[36] The relevant CGK of the skilled person has also been identified under Purposive Construction.

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

[37] As the FA did not perform a *Sanofi* analysis, we present it here. We will consider the independent claims 1 and 11 first as they are determinative of our obviousness analysis. These claims recite very similar elements; therefore we may consider claim 1 as representative of the independent claims and it is presented here:

> 1. A cooperative environmental and life benefit exchange system, comprising:
>
> a grid network including a plurality of transmitting facilities for transmitting available electrical energy;
>
> a plurality of energy generation systems cooperating within the grid network, the energy generation systems include renewable energy generation systems for generating electrical energy provided to the grid network;
>
> a plurality of consumer accounts for tracking purchases from the grid network, electrical energy generated from renewable energy sources, and the purchased electrical energy used at a site of a consumer;
>
> a plurality of credits accumulated in the plurality of the consumer accounts through the purchase of electrical energy generated from renewable energy sources, a value of each credit corresponding to a predetermined amount of electrical energy generated from renewable energy sources used and purchased from the grid network in energy purchase and sale transactions;
>
> a plurality of life benefits each acquired at a benefit cost, the plurality of life benefits selected from a group consisting of health insurance, life insurance, educational assistance, retirement savings, housing allowance, and food allowance; and
>
> a data processor configured to register and track the plurality of credits within the exchange system, the data processor determines an amount of credits assigned to each of the consumer accounts based on the energy purchase and sale transactions and supervises a redemption process by which the credits accumulated by one or more of the plurality of consumer accounts are redeemed at a redemption rate to provide a redemption value, the redemption value being remitted to satisfy the cost for acquiring one or more of the life benefits, or portions thereof.

[38] We consider all the claim elements to be essential and to form the inventive concept.

(3) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed

[39] The FA cited the following prior art:

D1: US 2005/0127680	June 16, 2005	Lof et al.
D2: US 2008/0228628	September 18, 2008	Gotthelf et al.
D3: US 2008/0235063	September 25, 2008	Kasower

[40] In our view, consistent with the analysis presented in the FA, D1 is the closest prior art. D1 describes a system related to a renewable power production facility that can supply electrical power into the power grid.

[41] With respect to the representative claim 1, in our view, D1 discloses the following:

- a grid network including a plurality of transmitting facilities for transmitting available electrical energy (paras [0002],[0066], [0071]); and
- a plurality of energy generation systems cooperating within the grid network, the energy generation systems include renewable energy generation systems for generating electrical energy provided to the grid network (paras [0066]-[0071], [0075]).

[42] In our view D1 does not disclose:

1. a plurality of consumer accounts for tracking purchases from the grid network, electrical energy generated from renewable energy sources, and the purchased electrical energy used at a site of a consumer;
2. a plurality of credits accumulated in the plurality of the consumer accounts through the purchase of electrical energy generated from renewable energy sources, a value of each credit corresponding to a predetermined amount of electrical energy generated from renewable energy sources used and purchased from the grid network in energy purchase and sale transactions;
3. a plurality of life benefits each acquired at a benefit cost, the plurality of life benefits selected from a group consisting of health insurance, life insurance, educational assistance, retirement savings, housing allowance, and food allowance; and

4. a data processor configured to register and track the plurality of credits within the exchange system, the data processor determines an amount of credits assigned to each of the consumer accounts based on the energy purchase and sale transactions and supervises a redemption process by which the credits accumulated by one or more of the plurality of consumer accounts are redeemed at a redemption rate to provide a redemption value, the redemption value being remitted to satisfy the cost for acquiring one or more of the life benefits, or portions thereof.

[43] The Applicant stated in the RFA that the prior art did not disclose the difference 2 from the above list. The FA at pages 2-3 presented the Applicant's position that the prior art also did not disclose differences 1, 3, and 4.

(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?

Differences 1 and 2

[44] The FA at pages 3 and 5 took the position that the plurality of consumer accounts for tracking purchases of renewable energy and the resulting accumulation of credits was disclosed by D1 (paras [0017], [0035], [0068]) and would have been obvious in view of D1 and D2 (paras [0042]-[0044], [0075]).

[45] D1 discloses the ability to share information between participants in the electricity market, those being electricity producers and regional network operators, allowing control over the amount of electrical energy that is applied to the grid based on load and delivery contracts (para [0017]) and the ability to use wind power as an electricity supply option that can be bought and sold on demand (paras [0035], [0068]). D2 discloses a trading engine that allows the exchange of credits amongst trading platforms of other exchanges of environmental commodities, allowing the buying and selling of credits (paras [0042]-[0044], [0075]).

[46] In the RFA, the Applicant states that:

> D1 is <u>not</u> concerned with incentivizing consumers to purchase and use energy generated by renewable energy sources, and does not teach or in any way suggest credits that encourage or reward consumers using and purchasing electrical energy

> from renewable energy sources. The power exchange discussed in D1 does not include any credit that is earned or accumulated through consumer purchase and use of renewable energy from a grid network. Indeed, there is no reward or credit system described anywhere in D1 for consumer purchases of renewable energy
>
> …
>
> In D2, credits are earned by, for example, selling back renewable energy to the grid (paragraph [0056]), and through the purchase and installation of energy saving devices such as a hot water heater and light bulbs (paragraphs [0057] and [0082]-[0083]). This is fundamentally different from the instantly claimed cooperative environmental and life benefit exchange system in which a plurality of credits are accumulated by consumer purchase and use of electrical energy generated from renewable energy sources. In the instantly claimed system, participants are encouraged to use renewable forms of energy by providing a credit based on electrical energy generated from renewable energy sources used and purchased by a consumer. [Emphasis in original]

[47] In our view, these features of the claims on file describe end user customer accounts for tracking their purchasing and use of renewable energy, as it is applicable to the customer site. D1 and D2 are both in the field of the electricity markets which include the electricity producers and network operators. D1 and D2 are silent on a customer application to allow purchasing of energy from renewable sources and the ability to track the purchase and it's use.

[48] In light of the above, in the Panel's view the combination of D1 and D2 do not, alone, or in combination, disclose difference 1 or difference 2, or make them obvious.

Difference 3

[49] The FA submits that D3 in view of D1 and D2 makes obvious difference 3. The FA argues that D2 discloses:

> a plurality of life benefits, each acquired at a benefit cost (*D2, paragraphs 0080, 0086, and 0093 where pollution offsets and emission footprint reduction can be used to purchase credits that can be turned into monetary compensation in the form of cash or rebates*)
>
> …
>
> While D1 and D2 are silent on the plurality of life benefits being selected from a group consisting of health insurance, life insurance, educational assistance,

> retirement savings, housing allowance, and food allowance, D3 teaches a life insurance company that provides some of the life benefits indicated in this group (*D3, paragraphs 0011-0013, 0021-0026*). Motivated by a need to track benefits for the use of renewable energy resources it would be obvious to one skilled in the art to combine the teachings of D1 and D2, and motivated by a need to provide a broader range of incentives to using and producing renewable energy it would be obvious to one skilled in the art to adapt D3 [to] the combination of D1 and D2. [Emphasis in original]

[50] In the RFA, the Applicant disputes this and states:

> D3 merely discloses a method of obtaining *life insurance* for an individual by means of a service organization and does not cure the deficiencies of D1 and D2. The skilled artisan would not be motivated to look to these references in an attempt to solve the problem addressed by Applicant and with the solution as set forth in, e.g., independent Claims 1 and 11. [Emphasis in original]

[51] In the Panel's view, the claimed feature of a plurality of life benefits each acquired at a benefit cost are not viewed as obvious in view of the option to purchase life insurance of D3, in view of D1 and D2 as presented in the FA. In the claimed invention, credits are gained through a customer purchase and use of renewable energy which can then be used to acquire particular health benefits, which is not disclosed in D1, D2, or D3. Therefore in our view the combination of D1, D2, and D3 do not, alone, or in combination, disclose or make obvious difference 3.

Difference 4

[52] The FA submits that D2 in view of D1 makes obvious difference 4. The FA states that D2 discloses a data processor that is configured to determine an amount of credits to assign to each account based on transactions (paras [0075], [0135]).

[53] The Panel agrees that the data processor is obvious. The Panel submits that the use of a data processor for determining credit amounts and account transactions would be understood by the skilled person as well-known computer systems. Therefore in our view difference 4 is obvious in view of D1, D2 and the CGK.

Conclusions on Obviousness

[54] In light of our obviousness analysis above, in our view, representative claim 1 would not have been obvious and complies with section 28.3 of the *Patent Act.* Differences 1-3 of claim 1 compared to the prior art would not have been obvious

to a skilled person.

[55] Independent claim 11 also would not have been obvious as it recites the same non-obvious elements as representative claim 1. Therefore in our view, independent claim 11 also complies with section 28.3 of the *Patent Act*.

[56] The dependent claims would also not have been obvious as they depend on non-obvious claim 1. Therefore, in our view, all dependent claims also comply with section 28.3 of the *Patent Act*.

RECOMMENDATION OF THE BOARD

[57] For the reasons set out above, we are of the view that the rejection is not justified on the basis of the defect indicated in the FA notice and we have reasonable grounds to believe that the instant application complies with the *Patent Act* and the *Patent Rules*. We recommend that the Applicant be notified in accordance with subsection 86(10) of the *Patent Rules* that the rejection of the instant application is withdrawn and that the instant application has been found allowable.

[58] As we consider the application in its present form to be allowable, we have not reviewed the proposed claims. In accordance with paragraph 199(3)(b) of the *Patent Rules*, these proposed amendments are considered not to have been made.

Mara Gravelle	Stephen MacNeil	Sean Wilkinson
Member	Member	Member

DECISION OF THE COMMISSIONER

[59] I concur with the findings and the recommendation of the Board. In accordance with subsection 86(10) of the *Patent Rule*s, I hereby notify the Applicant that the rejection of the instant application is withdrawn, the instant application has been found allowable, and I will direct my officials to issue a Notice of Allowance in due course.

Virginie Ethier
Assistant Commissioner of Patents

Dated at Gatineau, Quebec

this 14th day of December, 2021