

Citation: Howard W Lutnick, Stuart A Hersch & Laurence Rose (Re), 2024 CACP 1
Commissioner's Decision #1660
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Date: 2024-01-02

TOPIC: A11 New Matter
B00 Ambiguity or Indefiniteness (incomplete)
F00 Novelty
J00 Meaning of Art
J10 Computer Programs
O00 Obviousness

SUJET : A11 Nouvelle matière
B00 Caractère ambigu ou indéfini (incomplet)
F00 Nouveauté
J00 Signification de la technique
J10 Programmes d'ordinateur
O00 Évidence

Application No. 2661905

Demande n° 2 661 905

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2,661,905, 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 2,661,905 which is entitled “PRODUCTS AND PROCESSES FOR INDICATING DOCUMENTS FOR A LIFE BASED PRODUCT” and is owned by Howard W. Lutnick, Stuart A. Hersch and Laurence Rose (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) (*Patent Rules*). As explained in more detail below, our recommendation to the Commissioner of Patents is to refuse the application.

BACKGROUND

The application

- [3] The application was filed under the *Patent Cooperation Treaty* and has an effective filing date of August 30, 2007 in Canada. It was laid open to public inspection on March 6, 2008.
- [4] The application relates generally to the sale of a life insurance policy by the insured in exchange for a settlement amount, where a rating is assigned to the life insurance policy based on the quantity and quality of supporting documents.
- [5] The application has 45 claims (claims on file), which were last amended on September 2, 2016.

Prosecution history

- [6] On December 20, 2017, a Final Action was issued pursuant to subsection 30(4) of the *Patent Rules* (SOR/96–423) as they read immediately before October 30, 2019. The Final Action identified the following defects in the application:
- Claims 1–45 on file are directed to non-patentable subject-matter and do not comply with section 2 of the *Patent Act*,

- Claims 1, 12, 23, 34 and 45 on file are anticipated and do not comply with paragraph 28.2(1)(b) of the *Patent Act*,
- Claims 1–45 on file would have been obvious and do not comply with section 28.3 of the *Patent Act*, and
- Claims 1, 12, 23 and 34 are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

[7] On June 14, 2019, the Applicant submitted a response to the Final Action which included a proposed set of 17 claims and arguments in favour of the allowance of the application.

[8] As the Examiner considered the application not to comply with the *Patent Act*, pursuant to paragraph 199(3)(c) of the *Patent Rules*, the application was forwarded to the Board for review on May 12, 2021 along with an explanation outlined in a Summary of Reasons.

[9] In a letter dated June 8, 2021, the Board forwarded to the Applicant a copy of the Summary of Reasons. The letter acknowledged the rejection and requested an indication of the Applicant's continued interest in having the application reviewed.

[10] In a response dated September 7, 2021, the Applicant indicated their continued interest in having the application reviewed.

[11] A Panel of the Board, comprised of the undersigned members, was formed to review the instant application under paragraph 199(3)(c) of the *Patent Rules*.

[12] In a preliminary review letter (PR letter) dated November 16, 2023, we presented our preliminary analysis with respect to the claims on file and the proposed claims. We were of the preliminary view that:

- Claims 1–45 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*,
- Claims 1–45 on file are novel and comply with paragraph 28.2(1)(b) of the *Patent Act*,

- Claims 1–45 on file would have been unobvious in view of the cited prior art and the relevant CGK, and comply with section 28.3 of the *Patent Act*,
- Claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*,
- Proposed claims 1–3, 5–7, 10–11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*,
- Proposed claims 1–17 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*,
- Proposed claims 1–17 would have been obvious in view of the cited prior art and the relevant CGK, and would not comply with section 28.3 of the *Patent Act*, and
- Proposed claims 1, 5 and 17 would be indefinite and would not comply with subsection 27(4) of the *Patent Act*.

[13] The PR letter also offered the Applicant the opportunities to make written submissions and to attend an oral hearing.

[14] In a letter dated November 22, 2023, the Applicant declined the opportunity for a hearing and indicated that they did not wish to provide further written submissions.

Issues

[15] This review addresses the following issues with respect to the claims on file:

- Whether claims 1–45 on file are directed to patentable subject-matter and comply with section 2 and subsection 27(8) of the *Patent Act*,
- Whether claims 1–45 on file are novel and comply with paragraph 28.2(1)(b) of the *Patent Act*,
- Whether claims 1–45 on file would have been unobvious and comply with section 28.3 of the *Patent Act*,

- Whether claims 12, 23 and 45 on file are definite and comply with subsection 27(4) of the *Patent Act*.

[16] This review also considers whether the latest proposed claims constitute amendments necessary for compliance with the *Patent Act* and *Patent Rules* under subsection 86(11) of the *Patent Rules*.

PURPOSIVE CONSTRUCTION

Legal principles

[17] Purposive Construction is antecedent to any consideration of validity (*Free World Trust v Électro Santé Inc*, 2000 SCC 66 [*Free World Trust*] at para 19).

[18] In accordance with *Free World Trust* 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 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.

[19] “Patentable Subject-Matter under the *Patent Act*” (CIPO, November 2020) [PN2020–04] notes that all elements in a claim are presumed essential unless such presumption is contrary to the claim language, or it is established otherwise (see also *Free World Trust* at para 57, *Distrimedic Inc v Dispill Inc*, 2013 FC 1043 at para 201).

Analysis

[20] The purposive construction of a claim is carried out in light of the whole of the specification and takes into account what the person skilled in the art in view of

their common general knowledge would understand from the whole of the specification to be the nature of the invention.

The person skilled in the art and their common general knowledge

[21] The PR letter provided our preliminary characterization of the skilled person and their relevant CGK.

[22] As set out in the PR letter on page 5, and taken from the Final Action, the person skilled in the art was characterized as:

an individual or a team comprising one or more insurance analysts, computer scientists and IT professionals who have relevant education and experience in designing, programming and implementing a computerized system for assisting the sale and purchase of life insurance policies over the Internet.

[23] In the absence of submissions from the Applicant, we adopt the above characterization in this review.

[24] In order to assess the relevant CGK, the PR letter reviewed prior art document D2 which was also cited in the Summary of Reasons:

- D2: US 2006/0178979 A1 Levine et al. 10 August 2006

[25] D2 discloses an auction-based system and method for a life insurance secondary exchange, where a life insurance policy may be submitted and sold by a policy holder to purchasing groups.

[26] With respect to the relevant CGK, the PR letter, on pages 5–7, stated the following:

The Final Action on page 4 identified the relevant CGK as the following:

- software application development for life insurance companies over a network,
- evaluating and rating life insurance policies and related documents based on user-defined criteria, and

- general database knowledge such as querying, updating, storing and retrieving data.

The Applicant did not dispute or comment on the above characterization in their response to the Final Action. However, in view of the characterization of the person skilled in the art, the instant application [description page 1 lines 6–18, page 9 lines 24–25, page 17 lines 10–25] and the cited prior art [D2: par. [0004]–[0011]], we preliminarily consider that the relevant CGK also includes the following:

- knowledge of the life insurance industry, in particular the use of life insurance as an assignable asset in the life settlement market, including:
 - policy owners surrendering their policies back to the insurance company in exchange for a cash value,
 - policy owners selling their policies to a third-party investor either directly or through a licensed broker in exchange for a settlement amount, the settlement amount being dependent on a number of factors such as the insured's health and life expectancy as well as general policy details such as the cost of premiums,
- various methods of electronically bidding, trading and buying insurance policies, including:
 - generating a trading instrument for an assignable asset such as life insurance policies,
 - various methods of holding an auction for an item such a life insurance policy, including:
 - determining bidding requirements, such as a pre-determined period of time during which bids are received for the item,

- awarding the item to the highest bidder by notifying them and transferring the item in exchange for the payment of the highest bid price using various payment methods,
- general database knowledge including:
 - various methods of creating and operating an electronic database,
 - various types of databases such as tables, relational databases, object-based models and distributed databases,
 - creating, storing, updating and querying records in a database, where each record contains fields corresponding to different characteristics, as well as generating a database index based on characteristics of the records which allows users to search the records by specifying search criteria.

[27] In the absence of submissions from the Applicant, we adopt the above characterization in this review.

The essential elements

[28] The application contains 45 claims on file, including independent claims 1, 12, 23, 34 and 45. Claim 1 is directed to a method of assigning a rating to a life insurance policy based on received documents. Claims 12, 23 and 34 are directed to the corresponding apparatus, article of manufacture, and system respectively. Claim 45 is directed to a system for assigning a rating and a corresponding color code to a life insurance policy based on received and authenticated documents.

[29] As in the PR letter, we take claims 1 and 45 on file as representative of the invention for the purpose of this review.

[30] Claim 1 on file reads:

1. A method comprising

receiving via a processor an indication that an insured intends to sell a life insurance policy in exchange for a settlement amount;

transmitting to a remote device a request for at least one document that supports that the life insurance policy, in which the remote device and the processor are in communication over a network;

receiving via the processor, in response to the request, the at least one document that supports the life insurance policy;

determining a respective quality for each received document based on at least one of: a source of the document, a type of the document, and a pre-determined level of importance of the document;

determining via the processor a quantity of documents received in response to the request;

assigning via the processor, based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy, in which the rating affects the settlement amount; and

displaying the rating that is assigned to the life insurance policy.

[31] Claim 45 on file reads:

45. A life market transactional system having

having a processor; and a memory, in which the memory stores instructions which executed by the processor, direct the processor to:

receive and authenticate at least one supporting document relating to a life insurance policy that is available to be sold in exchange for a settlement amount;

evaluate, based on a decision tree, a value of each supporting document that is received, in which the value indicates a level of

importance of the supporting document in relation to a sale of the life insurance policy;

compute a quantity of a total amount of supporting documents received for the life insurance policy;

compute, based on the evaluated value and the evaluated quantity, a rating for the life insurance policy;

assign a color code for the rating, in which the color corresponds to a marketability of the life insurance policy; and

display on a display the life insurance policy in accordance to the color code for its rating.

[32] Dependent claims 2–11, 13–22, 24–33 and 35–44 on file recite further details regarding the claimed method, article of manufacture and system for assigning ratings to a life insurance policy based on received documents.

[33] The PR letter, on page 9, provided our preliminary view of the essential elements of the claims on file:

In our preliminary view, the person skilled in the art would understand that there is no use of language in any of the claims on file indicating that the elements in each claim are optional, a preferred embodiment, one of a list of alternatives, or non-essential.

Therefore, it is our preliminary view that all the elements of the claims on file are presumed to be essential.

[34] In the absence of submissions from the Applicant, we adopt the above position in this review.

PATENTABLE SUBJECT-MATTER

Legal principles

[35] Any patentable invention must fall within the definition set out in section 2 of the *Patent Act*, including falling within one of the categories defined therein:

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.

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

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

[37] *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.

[38] The determination of the actual invention is a relevant and necessary question in assessing patentable subject-matter (*Canada (Attorney General) v Amazon.com Inc*, 2011 FCA 328 [*Amazon*] at para 42). As stated by the Federal Court of Appeal in *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 [*Benjamin Moore*] at paragraph 68, this determination is in line with that Court’s statement in *Schlumberger Canada Ltd v Commissioner of Patents*, [1982] 1 FC 845 (CA) [*Schlumberger*] that a patentable subject-matter assessment involves determining what according to the application has been discovered. The actual invention is identified in the context of the new discovery or knowledge and must

ultimately satisfy the “physicality requirement” that is implicit in the definition of “invention” (*Amazon* at paras 65 and 66).

[39] *Amazon* at paragraph 44 tells us that “a patent claim may be expressed in language that is deliberately or inadvertently deceptive” and that what appears on its face to be an “art” or “process” may in fact be a claim to an unpatentable mathematical formula, as was the case in *Schlumberger*.

[40] This sentiment is expressed in the position of the *Amazon* Court that the presence of a practical application may not, in some cases, be sufficient to satisfy the physicality requirement, which requires something with physical existence, or something that manifests a discernible effect or change (*Amazon* at paras 66 and 69). To illustrate this point, *Amazon* referred to *Schlumberger*, where the claims “were not saved by the fact that they contemplated the use of a physical tool, a computer, to give the novel mathematical formula a practical application” (*Amazon* at para 69).

[41] The patentable subject-matter concerns regarding the well-known use of a computer to process an algorithm, illustrated by *Schlumberger*, are expressed in the factors set out in *PN2020–04* that may be considered when reviewing computer-implemented inventions, namely:

- 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, unpatentable subject-matter and prohibited by subsection 27(8) of the *Patent Act*;
- a computer programmed to merely process an abstract algorithm in a well-known manner without more will not make it patentable subject-matter; and
- if processing an algorithm improves the functionality of the computer, then the computer and the algorithm would together form a single actual invention that would be patentable.

[42] The above factors and the general concerns around the well-known use of a computer to process new abstract algorithms can be seen to involve considerations of novelty or ingenuity. Canadian law does not prohibit considerations of the novelty or ingenuity of elements of a claim in considering patentable subject-matter and finds support in situations like that of *Schlumberger* where a known tool, a computer, is used to give an abstract mathematical formula a practical application (*Benjamin Moore* at paras 69–70, referring to *Amazon*). These considerations assist in the determination of the discovery or new knowledge, the method of its application and the actual invention (*Benjamin Moore* at para 89) that is ultimately measured against the physicality requirement.

[43] As noted in *Benjamin Moore* at paragraph 94 (and similarly expressed in *Amazon* at para 61), the physicality requirement will not likely be satisfied without something more than only a well-known instrument, such a computer, being used to implement an abstract method. The factors set out above from *PN2020–04* assist in determining whether something more is present.

Analysis

[44] The PR letter provided our preliminary view that the claims on file are directed to non-patentable subject-matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

[45] The PR letter, on pages 12–13, stated the following:

As 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 *Amazon* paragraphs 42, 58 and 66 to 69.

Having considered that all the claimed elements are essential, it is necessary to determine whether these elements form a single actual

invention that either has physical existence or manifests a discernible physical effect or change.

Independent claim 1 is directed to a method of assigning a rating to a life insurance policy based on the quality and quantity of at least one document supporting the policy, and displaying the rating. The quality of each document is based on at least one of its source, its type or its pre-determined level of importance. Independent claims 12, 23 and 34 are directed to the corresponding apparatus, article of manufacture, and system respectively. Independent claim 45 is directed to a system for assigning a rating and a corresponding color code to a life insurance policy based on received and authenticated documents.

Dependent claims 2–11, 13–22, 24–33 and 35–44 on file recite further details regarding the claimed method, article of manufacture and system for assigning ratings to a life insurance policy based on received documents.

The claims on file recite a number of computer-related elements such as a processor, server, memory, database, communication network and display. They also recite that these elements perform computer-related steps such as communication with a remote device over a network, data analysis based on a set of rules, displaying colors that are based on ratings, as well as database storage, searching and retrieval based on certain criteria.

As explained in *Amazon* (paras 61–63, 66, 69), a computer cannot be used to give an abstract idea a practical application satisfying the physicality requirement implicit in the definition of invention in section 2 of the *Patent Act* simply by programming the idea into the computer by means of an algorithm. This was the situation in *Schlumberger* where the computer was merely acting in a well-known manner.

According to *PN2020–04*, “[i]f a computer is merely used in a well-known manner, the use of the computer will not be sufficient to render the disembodied idea, scientific principle or abstract theorem patentable

subject-matter and outside the prohibition under subsection 27(8) of the *Patent Act*.

In our preliminary view, there is no suggestion in the specification that the claimed computer-related elements represent anything other than generic computer components. Similarly, in our preliminary view, there is no suggestion in the specification that the claimed computer-related steps performed by these elements represent anything other than well-known functions of generic computer components, or that the functioning of the computer is improved by the claimed steps (see for example description page 1 line 29 – page 3 line 5, page 15 line 15 – page 16 line 4, page 17 line 10 – page 18 line 10 and page 26 line 14 – page 17 line 4). In our preliminary view, the computer is merely used in a well-known manner and is therefore not part of the single actual invention of the claims on file. Rather, the actual invention is the set of rules for rating a life insurance policy based on the quantity and quality of its supporting documents, which is a set of abstract rules and calculations and does not satisfy the physicality requirement as set out in *Amazon* and *PN2020-04*.

Furthermore, the...dependent claims recite additional details regarding the claimed life insurance evaluation process, including determining the quality based on a decision tree, assigning colors based on various factors, database storage, search and retrieval of policies, as well as ownership transfer details. It is our preliminary view that the dependent claims do not add any features that would satisfy the physicality requirement and render the claims patentable.

We preliminarily note that the Applicant's submissions in their response to the Final Action were based on the previous Office Practice and would not apply to the present analysis.

In light of the above, it is our preliminary view that claims 1–45 on file are directed to non-patentable subject matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

[46] In the absence of submissions from the Applicant, we adopt the above position in this review.

[47] Therefore, we conclude that claims 1–45 on file are directed to non-patentable subject-matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

ANTICIPATION

Legal principles

[48] Subsection 28.2(1) of the *Patent Act* requires claimed subject-matter to be new:

The subject-matter defined by a claim in an application for a patent in Canada (the “pending application”) must not have been disclosed

- (a) before the one-year period immediately preceding the filing date or, if the claim date is before that period, before the claim date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant, in such a manner that the subject-matter became available to the public in Canada or elsewhere;
- (b) before the claim date by a person not mentioned in paragraph (a) in such a manner that the subject-matter became available to the public in Canada or elsewhere;

...

[49] There are two separate requirements to show that prior art anticipates a claimed invention: there must be a prior disclosure of the claimed subject-matter and the prior disclosure must enable the claimed subject-matter to be practised by a skilled person (*Apotex Inc v Sanofi–Synthelabo Canada Inc*, 2008 SCC 61 [*Sanofi*] at paras 24–29, 49).

Analysis

[50] The PR letter provided our preliminary view that the claims on file are novel and comply with paragraph 28.2(1)(b) of the *Patent Act*.

[51] The PR letter reviewed prior art document D3, which was also cited in the Final Action:

- D3: US 2003/0191672 A1 Kendall et al. 9 October 2003

[52] D3 discloses a method and system for appraising life insurance, including receiving a request for a life insurance product, transmitting a bid solicitation to a plurality of insurance carriers, and generating ratings for their proposed products.

[53] The PR letter, on pages 15–20, stated the following:

The Final Action on page 6 indicated that claims 1, 12, 23, 34 and 45 on file are anticipated by D3:

Regarding claim 1, D3 discloses the essential elements of a method comprising:

- receiving an indication that an insured intends to sell a life insurance policy in exchange for a settlement amount (see D3 Figure 1[104] and paragraph [0005], viatical settlements);
- transmitting to a remote entity a request for at least one document that supports that the life insurance policy (see...D3 Figure 1[108] and paragraph [0048]);
- receiving, in response to the request, the at least one document that supports the life insurance policy (see D3 paragraph [0048]);
- determining a respective quality for each received document based on at least one of: a source of the document, a type of the document, and a pre-determined level of importance of the document (see D3 Figure 1[112], paragraphs [0052], [0136] and Table N);

- determining a quantity of documents received in response to the request (see D3 paragraph [0048]);
- assigning, based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy, in which the rating affects the settlement amount (see D3 paragraphs [0067]–[0070]); and
- displaying the rating that is assigned to the life insurance policy (see D3 paragraph [0074]).

Claims 12, 23, 34 and 45 recite different embodiments using a similar concept and having similar subject matter to that of claim 1, and therefore as such are considered to be anticipated for the reasons set out above.

Regarding D3, the Applicant in their correspondence dated September 2, 2016 argued that:

First, while paragraph [0005] of D3 (as noted by the Office Action) refers to viatical [settlements], the remaining sections of D3 cited by the Office Action in rejecting claim 1 (and presumably the other claims) are not related to viatical settlements. Rather, they appear to discuss a system where a customer wishes to purchase a new life insurance policy, and a system that helps the customer to evaluate what is the best policy to purchase by rating the new policies. The situation in the portions of D3 cited by the Office Action differ significantly from that encompassed by the present claims, which clearly set out that a customer (“insured”) already owns the life insurance policy and is now trying to sell that life insurance policy in exchange for a settlement amount. The claims encompass a system involving the gathering of documents to support that sale. Based upon the quantity and quality of documents that are received, a certain rating is assigned to the insured's life insurance policy, which is being sold, that rating affecting the settlement amount that may be received in exchange for selling the policy. [Emphasis in original]

Second, claim 1 recites:

- (a) receiving ...the at least one document that supports the life insurance policy;
- (b) determining a respective quality for each received document ...;

The Office Action refers to paragraph [0048] of D3 with respect to limitation (a) and paragraphs [0052] and [0136] of D3 with respect to limitation (b). Nothing in paragraphs [0052] and [0136] of D3 appears to refer to determining a quality of a document discussed in paragraph [0048] of D3. Paragraph [0048] appears to refer to risk profiles and demographics. Paragraphs [0052] and [0136] of D3 appear to discuss potential new insurance policies a customer may purchase, and ratings of these potential new insurance policies and the companies that may provide these policies – not ratings of risk profile and demographic documents.

Third, claim 1 further recites:

- (c) determining ... a quantity of documents received in response to the request[.]

The Office Action refers to paragraph [0048] of D3 with respect to limitation (c). Nothing in paragraph [0048] of D3 appears to refer to a quantity of documents.

Fourth, claim 1 further recites:

- (d) assigning ..., based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy, in which the rating affects the settlement amount.

The Office Action refers to paragraphs [0067]–[0070] of D3 with respect to limitation (d). Like paragraphs [0052] of D3, paragraphs [0067]–[0070] of D3 appear to discuss ratings of potential new

insurance policies a customer may purchase. For at least the reasons noted above with respect to quantity and quality of documents, paragraphs [0067]–[0070] of D3 do not appear to disclose “ assigning ..., based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy.” But more so, nothing in paragraphs [0067]–[0070] appear to discuss a settlement amount an insured may receive in exchange for the insured selling a life insurance policy.

We preliminarily agree with the Applicant’s arguments above. D3 discloses a system for evaluating life insurance under consideration for purchase, as well as evaluating and appraising in-force life insurance policies. In respect of evaluating in-force policies, the system collects, processes and uses available information on the insurance policyholder, the in-force policy, and the insurance company in order to rate and appraise the in-force policy and communicate the results to the policyholder [D3: par. [0077]–[0078], [0089]; Fig. 3]. The system uses six scoring drivers, each weighted based on the relative importance of the corresponding driver, in order to arrive at an overall rating for in-force life insurance policies [D3: Fig. 3; Table A]. The scoring drivers include the following [D3: par. [0089]]:

- Product Value for Money: based on the benefits offered in light of the price calculated using actuarial assumptions, such as mortality information specific to the end customer’s risk profile, and traditional actuarial present value methodology,
- Management Performance: based on various financial information of the insurance company, and
- Carrier Rating: based on financial strength rating of the insurance company.

However, in our preliminary view, D3 does not disclose:

- receiving an indication that an insured intends to sell a life insurance policy in exchange for a settlement amount,

- receiving, in response to a request, at least one document that supports the life insurance policy,
- determining a quantity of received documents and a respective quality for each received document based on at least one of: a source of the document, a type of the document, and a pre-determined level of importance of the document,
- assigning a rating to the life insurance policy based on the quantity and quality of received documents,
- displaying the rating that is assigned to the life insurance policy.

Although D3 mentions viatical settlements, it is merely mentioned in its background of invention as an example of products offered by the life insurance industry in general [D3: par. [0005]]. Additionally, although D3 discloses communicating the appraisal result to the policy holder, it does not disclose displaying the rating that is assigned to the life insurance policy.

Independent claims 12, 23 and 34 on file recite similar features as claim 1 on file.

Independent claim 45 on file also recites authenticating received documents and assigning to the rating a color code corresponding to a marketability of the policy. In our preliminary view, D3 does not disclose these features.

In light of the above, it is our preliminary view that the subject matter of claims on file is novel in view of D3.

In our preliminary view, D2 is the closest prior art to the subject matter of the claims on file. It discloses an auction-based method, computer program and system for a life insurance secondary exchange, where a life insurance policy may be submitted and sold by a policy holder to purchasing groups.

With respect to independent claim 1 on file, D2 discloses:

- receiving via a processor an indication that an insured intends to sell a life insurance policy in exchange for a settlement amount [D2: par. [0051]; Fig. 4A: steps 410–420];
- transmitting to a remote device a request for at least one document that supports that the life insurance policy, in which the remote device and the processor are in communication over a network [D2: par. [0054]–[0055]; Fig 4A: steps 460–480, 500];
- receiving via the processor, in response to the request, the at least one document that supports the life insurance policy [D2: par. [0054]–[0056]; Fig. 4A: steps 510, 530];
- displaying the policy to purchasing groups including a description of the policy and the parameters set for the purchase of the policy [D2: par. [0034]].

In our preliminary view, D2 does not disclose:

- determining a respective quality for each received document based on at least one of: a source of the document, a type of the document, and a pre-determined level of importance of the document;
- determining via the processor a quantity of documents received in response to the request;
- assigning via the processor, based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy, in which the rating affects the settlement amount; and
- displaying the rating that is assigned to the life insurance policy.

Independent claims 12, 23 and 34 on file recite similar features as claim 1 on file.

Independent claim 45 on file also recites authenticating received documents and assigning to the rating a color code corresponding to a marketability of the policy. In our preliminary view, D2 does not disclose these features.

It is therefore our preliminary view that the subject matter of claims on file is novel in view of D2.

[54] In the absence of submissions from the Applicant, we adopt the above position in this review.

[55] Therefore, we conclude that the claims on file are novel and comply with paragraph 28.2(1)(b) of the *Patent Act*.

OBVIOUSNESS

Legal principles

[56] Section 28.3 of the *Patent Act* requires claimed subject-matter to not 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 before the one-year period immediately preceding the filing date or, if the claim date is before that period, before the claim 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.

[57] In *Sanofi* at paragraph 67, the Supreme Court of Canada stated that it is useful in an obviousness inquiry to follow the following four-step approach:

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

[58] The PR letter provided our preliminary view that the claims on file are unobvious and comply with section 28.3 of the *Patent Act*.

[59] The PR letter, on pages 21–24, stated the following:

(1) Identify the notional person skilled in the art and the relevant common general knowledge

Our preliminary characterization of the person skilled in the art and the relevant CGK under Purposive Construction also apply at the claim date and are thus applicable for the purpose of assessing obviousness.

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

In the present case, we consider the combination of essential elements of the claims to represent their inventive concepts. Below, we consider representative claims 1 and 45 on file.

(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

The Final Action on page 7 indicated:

Based on the assessment of anticipation above, regarding claims 1, 12, 23, 34 and 45, there is no difference between these claims and prior art document D3.

Regarding dependent claims 2–11, 13–22, 24–33 and 35–44, prior art document D3 does not disclose their claimed subject matter and features.

As indicated above under anticipation, in our preliminary view, D3 does not disclose all the features of the independent claims. Further, we indicated that in our preliminary view D2 is the closest prior art to the subject matter of the claims on file and that it also does not disclose all the features of the independent claims.

With respect to representative claim 1 on file, as explained above under anticipation, it is our preliminary view that D2 does not disclose:

- determining a respective quality for each received document based on at least one of: a source of the document, a type of the document, and a pre-determined level of importance of the document;
- determining via the processor a quantity of documents received in response to the request;
- assigning via the processor, based on the quantity of documents received and the quality of each received document, a rating to the life insurance policy, in which the rating affects the settlement amount; and

- displaying the rating that is assigned to the life insurance policy.

With respect to representative claim 45 on file, as explained above under anticipation, it is our preliminary view that D2 does not disclose the additional features of authenticating received documents and assigning to the rating a color code corresponding to a marketability of the policy.

(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

In our preliminary view, the differences between the disclosure in D2 and the inventive concept of representative claims 1 and 45 on file would constitute an inventive step.

The claimed invention includes the steps of determining the quantity and quality of received documents, assigning a rating to the insurance policy based on the quantity and quality of received documents, and displaying the rating.

As indicated above, D2 discloses an auction-based system and method for a life insurance secondary exchange, where a life insurance policy may be submitted and sold by a policy holder to purchasing groups. It discloses an information phase where the broker obtains from the insured a signed medical release form, a signed disclosure as well as other information such as general policy, personal and medical information. The broker also requests medical records for the insured. A request for life expectancy evaluation may be made when requested documents including medical records are sent to actuarial firms. Policy illustrations are then received [D2: pars. [0053]–[0055]; Fig. 4A].

Although the relevant CGK includes the settlement amount for a life insurance policy being dependent on a number of factors such as the insured's health and life expectancy as well as policy details, these factors do not include quality and quantity of policy supporting documents. Therefore, it is our preliminary view that it would not have been obvious to a

person skilled in the art in view of their relevant CGK to modify the system and method in D2 such that a rating would be assigned to the policy based on the quantity and quality of the received documents.

For completeness, we preliminarily note that the gap between the subject matter of the claims on file and the combination of the disclosure in D2 and the CGK would not be bridged by D3. Although D3 discloses rating an insurance policy based on received information about the policy and the policyholder, it does not disclose receiving documents related to a policy, determining the quantity and quality of documents, and assigning a rating based on the determined quantity and quality. In our preliminary view, neither D2 nor D3 provides any indication or suggestion to motivate the skilled person to modify the system in D2 such that a rating is determined based on the quantity and quality of received documents.

Conclusion on obviousness

In light of the above, it is our preliminary view that claims 1–45 on file would not have been obvious to the skilled person in view of the cited prior art and the relevant CGK. Therefore, in our preliminary view, claims 1–45 on file comply with section 28.3 of the Patent Act.

[60] In the absence of submissions from the Applicant, we adopt the above position in this review.

[61] Therefore, we conclude that the claims on file are unobvious and comply with section 28.3 of the *Patent Act*.

INDEFINITENESS

Legal principles

[62] Subsection 27(4) of the *Patent Act* requires that a claim distinctly and explicitly define subject-matter:

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

[63] In *Minerals Separation North American Corp v Noranda Mines Ltd*, [1947] Ex CR 306, at 352, the Court emphasized both the obligation of an applicant to make clear in the claims the ambit of the monopoly sought and the requirement that the terms used in the claims be clear and precise:

By his claims the inventor puts fences around the fields of his monopoly and warns the public against trespassing on his property. His fences must be clearly placed in order to give the necessary warning and he must not fence in any property that is not his own. The terms of a claim must be free from avoidable ambiguity or obscurity and must not be flexible; they must be clear and precise so that the public will be able to know not only where it must not trespass but also where it may safely go.

Analysis

[64] The PR letter provided our preliminary view that claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

[65] The PR letter, on pages 25–26, stated the following:

The Final Action on page 8 indicated the following indefiniteness defect:

Claims 12 and 23 are indefinite and do not comply with subsection 27(4) of the *Patent Act*. The following terms have no antecedents: “the remote device” (claim 12, line 8) and “the remote device” (claim 23, line 6).

We preliminarily agree.

The Final Action also indicated that:

Claims 1, 12, 23 and 34 are indefinite and do not comply with subsection 27(4) of the *Patent Act*. A part of claim 1 recites “... at

least one document that supports that the life insurance policy ...” (see lines 4–5), which appears to be an obvious clerical or grammatical error. The word “that” should be removed. Similarly, the same defect applies to claims 12, 23 and 34.

We preliminarily disagree. In our preliminary view, the person skilled in the art would understand the meaning of the expression above.

The Applicant did not dispute or comment on the above defects identified in the Final Action, and submitted proposed claims.

In our preliminary view, the following additional indefiniteness defect is also present in the claims on file.

Claim 45 on file recites “A life market transactional system having having a processor; and a memory, in which the memory stores instructions which executed by the processor...”. The expression “a memory, in which the memory stores instructions which executed” is unclear. It should possibly read “a memory which stores instructions which when executed”.

Therefore, it is our preliminary view that claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

[66] In the absence of submissions from the Applicant, we adopt the above position in this review.

[67] Therefore, we conclude that claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

PROPOSED CLAIMS

[68] As indicated above, in their response to the Final Action, the Applicant proposed a set of 17 claims containing independent claims 1, 5 and 17.

[69] In our view, proposed claim 1 is representative of the independent claims. It reads:

1. An apparatus comprising:

at least one processor of an electronic computer network comprising a plurality of computing nodes; and

a memory that stores instructions which, when executed by the at least one processor, direct the processor to:

receive information about a plurality of life insurance policies and respective policyholders of each life insurance policy;

calculate a value of each life insurance policy based on the received information;

generate a trading instrument for each life insurance policy based on the calculated values;

generate records in a database to store data indicative of each trading instrument;

generate a database index based on unique aspects of the records;

receive, during a pre-determined period of time, a plurality of bids for a given trading instrument associated with a given life insurance policy, in which each of the plurality of bids comprises a bid price;

search data associated with the given trading instrument in the database using the database index;

determine that a first bid price is higher than any other bid price received during the pre-determined period of time;

transmit an indication of an agreement to sell the given trading instrument at the first bid price; and

generate a transfer of the given life insurance policy associated with the given trading instrument upon an exchange of a payment at the first bid price.

- [70] Proposed independent claims 5 and 17 are directed to the corresponding method and computer readable medium respectively, and recite similar limitations as proposed claim 1.
- [71] The proposed dependent claims recite further details regarding the assigning of a rating to each life insurance policy, the storage and query of records in the database, as well as the bidding process.

Purposive construction

- [72] The PR letter, on page 28, provided our preliminary views on the purposive construction of the proposed claims as the following:

Our preliminary characterization of the person skilled in the art and the relevant CGK under Purposive Construction of the claims on file also apply to the proposed claims.

Since there is no use of language indicating that any one of the features in the proposed claims is optional, a preferred embodiment, one of a list of alternatives or non-essential, all features presented in the proposed claims are considered to be essential.

Meaning of terms

Purposive construction is also used to construe the meaning of claim terms as understood by the person skilled in the art.

During our preliminary review of the instant application, it became evident to us that a phrase in claim 8 might be misinterpreted on its face to mean

something other than what was intended. We therefore undertook to construe this phrase, as set out below.

Proposed claim 8 recites “performing a medical evaluation of the policyholder”. Based on the instant description (page 5 lines 25–28, page 8 lines 1–8), it is our preliminary view that a person skilled in the art would construe performing a medical evaluation of the policyholder to mean analyzing the policyholder’s medical records and documents, rather than physically performing a medical exam.

[73] In the absence of submissions from the Applicant, we adopt the above position in this review.

New matter

[74] The PR letter provided our preliminary view that proposed claims 1–3, 5–7, 10–11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*. On pages 28–33, it stated:

The Summary of Reasons on page 4 indicated that proposed claims 1, 5, 10, 11, 14 and 17 contain new matter and do not comply with section 38.2 of the *Patent Act*.

For the reasons set out below, our preliminary view is that proposed claims 1–3, 5–7, 10, 11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*.

Legal principles

Section 38.2 of the *Patent Act* sets forth the conditions under which amendments may be made to the specification and drawings of a patent application:

Amendments to specifications and drawings

38.2 (1) Subject to subsections (2) to (3.1) and the regulations, the specification and drawings contained in an application for a

patent in Canada may be amended before the patent is issued.

Restriction

- (2) The specification and drawings contained in an application, other than a divisional application, may not be amended to add matter that cannot reasonably be inferred from the specification or drawings contained in the application on its filing date.

The question as to whether matter added to the specification or drawings by amendment complies with subsection 38.2(2) of the *Patent Act* is considered from the point of view of the skilled person.

The assessment as to the presence of new matter therefore requires a comparison of the pending specification with the originally filed specification and drawings and a determination as to whether the subject-matter of the amendments is that which was disclosed in, or would have been reasonably inferred from, the original specification or drawings by the skilled person.

Analysis

The application, including the original specification, was filed under the *Patent Cooperation Treaty* and has an effective filing date in Canada of August 30, 2007. The applicant submitted amended descriptions on July 18, 2013 and subsequently on August 5, 2014. We assess the proposed claims for new matter based on the originally filed specification.

The Summary of Reasons, on page 4, identified new matter defects with respect to proposed claims 1, 5, 10, 11, 14 and 17:

In response, firstly, some of the amended features are considered new matter without proper support by the originally filed description. Indeed, the present application is related to selling or purchasing a life insurance policy and calculating the value of the life insurance policy. Further, the originally filed description does mention saving

information into a database, performing a search within a database and submitting a bid to purchase the life insurance policy. However, the originally filed description **does not** appear to mention the amended features [...] which are related to generating **a trading instrument** for each life insurance policy based on the calculated values, generating **a database index** based on unique aspects of the records, and searching data associated with **the given trading instrument in the database using the database index**, therefore these amended features are considered new matter without proper support and should be removed from the claim language.

Moreover, since dependent claims 10, 11 and 14 also recite features related to the **trading instrument** and the **database index**, therefore these dependent claims are also considered new matter without proper support and should be removed from the claim language. Accordingly, the subject matter of claims 1, 5, 10, 11, 14 and 17 as amended by the Applicant does not comply with section 38.2 of the *Patent Act* because it cannot reasonably be inferred from the specification or drawings as originally filed. [Original style of emphasis altered for accessibility reasons]

In our preliminary view, the originally filed specification does not appear to explicitly disclose the following limitations in the proposed independent claims:

- (A) generating a trading instrument for each life insurance policy based on the calculated values;
- (B) generating records in a database to store data indicative of each trading instrument;
- (C) generating a database index based on unique aspects of the records;
- (D) receiving, during a pre-determined period of time, a plurality of bids for a given trading instrument associated with a given life insurance policy, in which each of the plurality of bids comprises a bid price;

- (E) searching data associated with the given trading instrument in the database using the database index;
- (F) determining that a first bid price is higher than any other bid price received during the pre-determined period of time;
- (G) transmitting an indication of an agreement to sell the given trading instrument at the first bid price; and
- (H) generating a transfer of the given life insurance policy associated with the given trading instrument upon an exchange of a payment at the first bid price.

Similarly, the originally filed specification does not appear to explicitly disclose the following limitations in proposed dependent claims 10, 11 and 14:

- (I) the payment comprises shares in the given trading instrument that comprises at least one of: stock, a bond, and an annuity,
- (J) generating a plurality of fields for each record in the database, and
- (K) generating the database index for the plurality of fields.

Regarding the database storage and searching features (B)–(C), (E) and (J)–(K), the originally filed description discloses on page 8 that:

After the user has finished uploading or designating the locations of various relevant supporting documents, the system may save the data associated with these documents into a database located within memory. By doing so, the system may allow future users (e.g. buyers) to search and locate these documents.

The originally filed description also discloses on page 9 that:

The user may save a particular search profile to the system's database. The system then automatically attempts to match the search profile with life insurance policies within the database...

Finally, the originally filed description discloses on page 17 that:

Where databases are described, it will be understood by one of ordinary skill in the art that (i) alternative database structures to those described may be readily employed, and (ii) other memory structures besides databases may be readily employed. Any illustrations or descriptions of any sample databases presented herein are illustrative arrangements for stored representations of information. Any number of other arrangements may be employed besides those suggested by, e.g., tables illustrated in drawings or elsewhere. Similarly, any illustrated entries of the databases represent exemplary information only; one of ordinary skill in the art will understand that the number and content of the entries can be different from those described herein. Further, despite any depiction of the databases as tables, other formats (including relational databases, object-based models and / or distributed databases) could be used to store and manipulate the data types described herein. Likewise, object methods or behaviors of a database can be used to implement various processes, such as the described herein. In addition, the databases may, in a known manner, be stored locally or remotely from a device which accesses data in such a database.

In our preliminary view, the originally filed specification does not explicitly or implicitly disclose, teach or suggest the claimed features of generating a database index based on unique aspects of the records, searching data using the database index, generating a plurality of fields for each record in the database and generating the database index for the plurality of fields. Although, in our preliminary view, various types of databases as well as methods of creating and searching databases were part of the common general knowledge of the person skilled in the art at the claim date, it is our preliminary view that a person skilled in the art would not have reasonably inferred from the disclosure in the originally filed specification the aforementioned database storage and searching features.

Regarding the trading, bidding and payment features (A), (D) and (F)–(I), the description merely discloses on page 9 that “[t]he user also may submit

a bid to purchase the life insurance policy. Various methods of electronically bidding, trading and buying insurance policies are known.” In our preliminary view, the originally filed specification does not explicitly or implicitly disclose, teach or suggest the claimed features of generating a trading instrument for each policy, receiving bids during a pre-determined period of time, and payments comprising shares in the trading instrument. Although, in our preliminary view, various methods of bidding and trading insurance policies were part of the common general knowledge of the skilled person in the art at the claim date, it is our preliminary view that a person skilled in the art would not have reasonably inferred from the disclosure in the originally filed specification the aforementioned trading, bidding and payment features.

In our preliminary view, the person skilled in the art would not reasonably infer the above limitations in proposed claims 1, 5, 10, 11, 14 and 17 from the originally filed specification.

In our preliminary view, the following additional new matter defects are also present in the proposed claims.

Proposed claims 2–3 and 6–7 recite determining a creditworthiness of an issuer of the life insurance policy, and assigning a rating based on the determined creditworthiness. In our preliminary view, the originally filed specification does not explicitly or implicitly disclose, teach or suggest these features. The originally filed description on page 5 discloses that “[i]f the user selects the “Sell tab, then the user is directed to a new webpage and instructed to enter information regarding the life insurance policy that she wishes to sell. Such information may include the life insurance company...”. However, in our preliminary view, the person skilled in the art would not have reasonably inferred from the disclosure in the originally filed description the above features.

It is therefore our preliminary view that proposed claims 1–3, 5–7, 10–11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*.

[75] In the absence of submissions from the Applicant, we adopt the above position in this review.

[76] Therefore, we conclude that proposed claims 1–3, 5–7, 10–11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*.

Patentable subject-matter

[77] The PR letter provided our preliminary view that the subject-matter of the proposed claims 1–17 is directed to non-patentable subject-matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*. On pages 34–35, it stated:

Having considered that all the elements in the proposed claims are essential, in order to determine whether the proposed claims are directed to patentable subject matter, it is necessary to determine whether these elements form a single actual invention that either has physical existence or manifests a discernible physical effect or change.

Proposed independent claims are directed to facilitating bidding on life insurance policies, wherein each life insurance policy is given a value based on received information, bids are accepted during a pre-determined period of time and the sold policy is transferred to the highest bidder upon payment. Proposed dependent claims recite further details regarding the claimed bidding process and evaluation of policies.

The proposed claims recite a number of computer-related elements such as a processor, memory, database and electronic computer network. They also recite that these elements perform computer-related steps such as communication with a remote device over a network, data analysis based on a set of rules, as well as database storage, indexing, searching and retrieval.

As explained in *Amazon* (paras 61–63, 66, 69), a computer cannot be used to give an abstract idea a practical application satisfying the physicality

requirement implicit in the definition of invention in section 2 of the *Patent Act* simply by programming the idea into the computer by means of an algorithm. This was the situation in *Schlumberger* where the computer was merely acting in a well-known manner.

According to *PN2020-04*, “[i]f a computer is merely used in a well-known manner, the use of the computer will not be sufficient to render the disembodied idea, scientific principle or abstract theorem patentable subject-matter and outside the prohibition under subsection 27(8) of the *Patent Act*”.

In our preliminary view, there is no suggestion in the specification that the claimed computer-related elements represent anything other than generic computer components. Similarly, in our preliminary view, there is no suggestion in the specification that the claimed computer-related steps performed by these elements represent anything other than well-known functions of generic computer components, or that the functioning of the computer is improved by the claimed steps (see for example description page 1 line 29 – page 3 line 5, page 15 line 15 – page 16 line 4, page 17 line 10 – page 18 line 10 and page 26 line 14 – page 17 line 4). In our preliminary view, the computer is merely used in a well-known manner and is therefore not part of the single actual invention of the proposed claims. Rather, the actual invention is directed to evaluation of an insurance policy, setting up a bidding process and transferring ownership of the policy to the highest bidder upon payment, which is a set of abstract rules and does not satisfy the physicality requirement as set out in *Amazon* and *PN2020-04*.

Furthermore, the proposed dependent claims recite additional details regarding the claimed bidding and ownership transfer process including assigning a rating to an insurance policy based on the determined life expectancy of the policyholder and creditworthiness of the insurance company, assigning a minimum bid amount, and querying the database based on record fields. Additionally, with regard to proposed claim 8, as discussed in the Meaning of terms section above, it is our preliminary view that a person skilled in the art would construe performing a medical

evaluation of the policyholder to mean analyzing the policyholder's medical records and documents, rather than physically performing a medical exam. Therefore, it is our preliminary view that the dependent claims do not add any features that would satisfy the physicality requirement and render the claims patentable.

[78] In light of the above, it is our preliminary view that proposed claims 1–17 are directed to non-patentable subject matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

[79] In the absence of submissions from the Applicant, we adopt the above position in this review.

[80] Therefore, we conclude that the subject-matter of the proposed claims 1–17 would be directed to non-patentable subject-matter, falling outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

Obviousness

[81] The PR letter provided our preliminary view that proposed claims 1–17 would have been obvious to the skilled person and would not comply with section 28.3 of the *Patent Act*. On pages 36–41, it stated:

(1) Identify the notional person skilled in the art and the relevant common general knowledge

Our preliminary characterization of the person skilled in the art and the relevant CGK for the claims on file would also apply to the proposed claims.

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

In the present case, we consider the combination of essential elements of the proposed claims to represent their inventive concepts. Below, we consider representative proposed claim 1.

(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

The Summary of Reasons on page 6 indicated:

In conclusion, the combined knowledge of documents D2 and D3 discloses all the claimed features recited in independent claims 1, 5 and 17. Further, document D2 or D3 does not explicitly disclose the claimed features recited in dependent claims 2–4 and 6–16.

In our preliminary view D2 is the closest prior art to the subject matter of the proposed claims.

With respect to proposed claim 1, in our preliminary view, D2 discloses:

at least one processor of an electronic computer network comprising a plurality of computing nodes; and a memory that stores instructions which, when executed by the at least one processor, direct the processor [D2: par. [0017], [0021], [0036]–[0049]; Figs 2A–3] to:

receive information about a plurality of life insurance policies and respective policyholders of each life insurance policy [D2: par. [0019]];

generate a trading instrument for each life insurance policy based on bidding requirements [D2: par. [0054]–[0061]];

generate records in a database to store data indicative of each trading instrument [D2: par. [0069]];

receive, during a pre-determined period of time, a plurality of bids for a given trading instrument associated with a given life

insurance policy, in which each of the plurality of bids comprises a bid price [D2: par. [0059]];

search data associated with the given trading instrument in the database [D2: par. [0074]];

determine that a first bid price is higher than any other bid price received during the pre-determined period of time [D2: par. [0059]];

transmit an indication of an agreement to sell the given trading instrument at the first bid price [D2: par. 0067]; and

generate a transfer of the given life insurance policy associated with the given trading instrument upon an exchange of a payment at the first bid price [D2: par. [0067]–[0068]].

In our preliminary view, D2 does not disclose the following:

- (a) calculate a value of each life insurance policy based on the received information, and
- (b) generate a database index based on unique aspects of the records used for searching.

Proposed independent claims 5 and 17 are directed to the corresponding method and computer readable medium respectively, and recite similar limitations as proposed claim 1.

With respect to proposed claims 2 and 6, D2 discloses determining a life expectancy of the policy holder [D2: par. [0055]]. However, although D2 discloses determining policy information in general, it does not disclose determining creditworthiness of an issuer that is providing each life insurance policy.

With respect to proposed claims 3 and 7, D2 does not disclose assigning a rating to each policy based on the life expectancy and creditworthiness of the issuer.

With respect to proposed claims 4 and 9, D2 discloses assigning a minimum bid amount for each trading instrument stored in the database [D2: par. [0059]].

With respect to proposed claims 8, 10–11 and 14, in our preliminary view, D2 does not disclose all the limitations in these claims.

With respect to proposed claims 12 and 15, D2 discloses receiving a query that is based on at least one field for the database records and retrieving a first trading instrument that comprises information matching the least one queried field [D2: par. [0074]].

With respect to proposed claims 13 and 16, D2 discloses an agreement to list a purchaser of each life insurance policy as a beneficiary, in exchange for receiving the payment [D2: par. [0067]].

(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

In our preliminary view, the differences between the disclosure in D2 and the inventive concept of the proposed claims would have been obvious to a person skilled in the art.

With respect to feature (a) in proposed independent claims 1, 5 and 17 as well as proposed claims 2–3 and 6–7, D2 discloses that purchasing groups evaluate the policy to determine their bid [D2: par. [0061]]. Additionally, as indicated in the purposive construction section, in our preliminary view, the relevant CGK includes the settlement amount for a life insurance policy being dependent on a number of factors such as the insured's health and life expectancy as well as policy details. Therefore, in our preliminary view, it would have been obvious to a person skilled in the art in view of their

relevant CGK to rate and calculate a value of life insurance policies in D2 based on received information and factors related to the policyholder, such as their life expectancy, as well as factors related to the policy, such as the financial strength or creditworthiness of the insurance company.

For completeness, we also preliminarily note that D3 discloses calculating a value of each life insurance policy based on the received information [D3: abstract; par. [0089]; Table A; Fig 3]. D3 also discloses assigning a rating to life insurance policies based on at least the life expectancy of the policyholder and the creditworthiness of the issuer, where the rating determines at least in part a price of the policy [D3: abstract; par. [0089]; Table A; Fig 3: appraising an in-force life insurance policy based on a number of factors including "Product Value for Money" which is based on the benefits offered in light of the price calculated using actuarial assumptions such as mortality information, as well as "Carrier Rating" which is related to the financial strength rating of the insurance company]. It is therefore our preliminary view that it would have been obvious to a person skilled in the art, having regard to D3 and their CGK, to modify the system and method in D2 such that the rating of the policy is determined based also on the creditworthiness of the insurance company.

With respect to feature (b) in proposed independent claims 1, 5 and 17 as well as proposed claims 11 and 14, D2 discloses that "[p]urchasers are able to perform a more targeted search for policies that fit specific parameters" [D2: par. [0074]]. As indicated under the relevant CGK section, it is our preliminary view that creating, storing, updating and querying records in a database, where each record contains fields corresponding to different characteristics, as well as generating a database index based on characteristics of the records which allows users to search the records by specifying search criteria were part of the common general knowledge of the skilled person at the claim date. In our preliminary view, it would have been obvious to a person skilled in the art in view of their CGK to modify the system in D2 such that a database index would be generated based on unique aspects of the records in order to be used for searching purposes,

given that such an option was well known, as were the advantages of using it.

In light of the above, it is our preliminary view that proposed independent claims 1, 5 and 17, as well as proposed dependent claims 2–3, 6–7, 11 and 14 would have been obvious in view of D2 and the relevant CGK

With respect to proposed claim 8, D2 discloses that the life expectancy “evaluation may be performed without a medical examination” [D2: par. [0055]]. In our preliminary view, this implies that it was well-known to analyze the policyholder’s medical records and documents as part of a life expectancy evaluation to appraise a life insurance policy. It is therefore our preliminary view that it would have been obvious to a person skilled in the art to modify the disclosure in D2 such that a medical evaluation of the policyholder is performed.

With respect to proposed claim 10, D2 does not disclose that payment comprises shares in the trading instrument. However, it discloses that purchasers can build portfolios of policies and sell bonds against that portfolio. In our preliminary view, it would have been obvious to a person skilled in the art to modify the payment methods in D2 such that payments would be made via shares in the trading instrument such as stocks, bonds or annuities.

With respect to proposed claims 4, 9, 12–13 and 15–16, as explained in step (3) above, the additional features of these claims were disclosed in D2. Given that the claims to which proposed claims 4, 9, 12–13 and 15–16 refer would have been obvious in view of D2 and the relevant CGK, it is our preliminary view that these proposed claims would have also been obvious to the person skilled in the art.

Conclusion on obviousness

In light of the above, it is our preliminary view that proposed claims 1–17 would have been obvious to the skilled person in view of the cited prior art

and the relevant CGK. Therefore, in our preliminary view, these claims do not comply with section 28.3 of the *Patent Act*.

[82] In the absence of submissions from the Applicant, we adopt the above position in this review.

[83] Therefore, we conclude that proposed claims 1–17 would have been obvious to the skilled person and would not comply with section 28.3 of the *Patent Act*.

Indefiniteness

[84] The PR letter provided our preliminary view that proposed claims 1, 5 and 17 would be indefinite and would not comply subsection 27(4) of the *Patent Act*. On pages 41–42, it stated:

Proposed claim 1 recites “calculate a value of each life insurance policy based on the received information”. In our preliminary view, it is not clear what is meant by the term “value”. The instant description does not mention calculating values for policies based on received information. It discloses on page 5 that the user may enter the value of the policy when they indicate their intention to sell on the website. Additionally, on pages 7–8, it discloses determining values for each received document which are then used to determine the overall rating for the policy. Proposed dependent claim 3 recites assigning a rating to each life insurance policy where the rating determines a price of each policy. In our preliminary view, a similar issue exists in proposed claims 5 and 17. It is therefore our preliminary view that the subject matter of proposed claims 1, 5 and 17 are not defined in a clear, distinct and precise manner.

Proposed claim 1 also recites the following steps:

- generate records in a database to store data indicative of each trading instrument,
- generate a database index based on unique aspects of the records,

- receive...a plurality of bids for a given trading instrument...
- search data associated with the given trading instrument in the database using the database index.

In our preliminary view, the purpose of the searching step in the above sequence of steps is not clear, rendering the claimed subject matter indefinite. It is not clear why, upon receiving a bid on a given trading instrument, a search of the trading instrument is performed and what purpose the search results serve. In our preliminary view, a similar issue exists in proposed claims 5 and 17.

In light of the above, it is our preliminary view that proposed claims 1, 5 and 17 are indefinite and would not comply with subsection 27(4) of the *Patent Act*.

[85] In the absence of submissions from the Applicant, we adopt the above position in this review.

[86] Therefore, we conclude that proposed claims 1, 5 and 17 would be indefinite and would not comply with subsection 27(4) of the *Patent Act*.

Conclusion on proposed claims

[87] In light of the above, it is our view that the proposed claim amendments do not make the application allowable and are therefore not necessary amendments in accordance with subsection 86(11) of the *Patent Rules*.

CONCLUSIONS

[88] We are of the view that:

- Claims 1–45 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*;

- Claims 1–45 on file are novel and comply with paragraph 28.2(1)(b) of the *Patent Act*;
- Claims 1–45 on file would have been unobvious in view of the cited prior art and the relevant CGK, and comply with section 28.3 of the *Patent Act*;
- Claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*;
- Proposed claims 1–3, 5–7, 10–11, 14 and 17 contain new matter and would not comply with section 38.2 of the *Patent Act*;
- Proposed claims 1–17 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*;
- Proposed claims 1–17 would have been obvious in view of the cited prior art and the relevant CGK, and would not comply with section 28.3 of the *Patent Act*; and
- Proposed claims 1, 5 and 17 would be indefinite and would not comply with subsection 27(4) of the *Patent Act*.

[89] Therefore, the proposed claims cannot be considered a necessary amendment under subsection 86(11) of the *Patent Rules*.

RECOMMENDATION OF THE BOARD

[90] In view of the above, we recommend that the application be refused on the grounds that:

- Claims 1–45 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*; and
- Claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

Mehdi Ghayour
Member

Helena Forbes
Member

Stephen MacNeil
Member

DECISION OF THE COMMISSIONER

[91] I concur with the conclusions and recommendation of the Board that the application be refused on the grounds that:

- Claims 1–45 on file are directed to non-patentable subject-matter and do not comply with section 2 and subsection 27(8) of the *Patent Act*; and
- Claims 12, 23 and 45 on file are indefinite and do not comply with subsection 27(4) of the *Patent Act*.

[92] 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 within which to appeal my decision to the Federal Court of Canada.

Konstantinos Georganas

Commissioner of Patents
Dated at Gatineau, Quebec
this 2nd day of January, 2024.