

Citation: Cantor Index LLC (Re), 2024 CACP 14

Commissioner's Decision #1673

Décision du commissaire n° 1673

Date: 2024-06-10

TOPIC: J00 Subject Matter of Applications—Meaning of Art
J10 Subject Matter of Applications—Computer Programs

SUJET : J00 Objet des demandes—Signification de la technique
J10 Objet des demandes—Programmes d'ordinateur

Application No. 2616157

Demande n° 2 616 157

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

Patent application number 2616157, having been rejected under subsection 30(3) of the *Patent Rules* (SOR/96-423) as they read immediately before October 30, 2019, has subsequently 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 patent application number 2616157, which is entitled “System and method for conducting a jackpot race event” and is owned by Cantor Index LLC. A review of the rejected application has been conducted by the Patent Appeal Board pursuant to paragraph 199(3)(c) of the *Patent Rules* (SOR/2019–251) (“the *Patent Rules*”).
- [2] As explained below, the recommendation of the Patent Appeal Board is that the Commissioner of Patents refuse the application.

BACKGROUND

The application

- [3] Canadian patent application 2616157 was filed under the provisions of the Patent Cooperation Treaty and has an effective filing date of July 21, 2006. It was laid open to public inspection on February 8, 2007.
- [4] The application relates to systems and methods for wagering on a jackpot race event. The methods involve processing bets, determining winning bets based on race results, generating jackpot bets, and allocating amounts to a pari-mutuel pool.

Prosecution history

- [5] On September 5, 2019, a Final Action was written under subsection 30(4) of the *Patent Rules* (SOR/96–423) as they read immediately before October 30, 2019. The Final Action indicated that claims 1 to 11 on file at the time of the Final Action (“claims on file”) define unpatentable subject-matter and do not comply with section 2 of the *Patent Act*.
- [6] The Response to the Final Action, dated March 5, 2020, disagreed with the assessment in the Final Action and submitted further arguments to support the patentability of the claims on file. The Applicant also proposed claims 1 to 5

(“proposed claims”), submitting that they too complied with section 2 of the *Patent Act*.

- [7] On May 6, 2022 the application was forwarded to the Patent Appeal Board for review under paragraph 199(3)(c) of the *Patent Rules* along with a Summary of Reasons that explained that the rejection was maintained. Notably, subsequent to the Final Action, the Office updated its guidance in determining whether the subject-matter defined by a claim is patentable subject-matter in the following Patent Notice: “Patentable Subject-Matter under the Patent Act” (CIPO, November 2020) [PN2020–04]. The Summary of Reasons applied the guidance in PN2020-04 and maintained that the claims on file are directed to unpatentable subject-matter but cited subsection 27(8) of the *Patent Act* as the relevant legal authority. The proposed claims submitted with the Response to the Final Action were also considered to define unpatentable subject-matter contrary to subsection 27(8) of the *Patent Act*.
- [8] In a letter dated May 10, 2022, the Patent Appeal Board forwarded a copy of the Summary of Reasons to the Applicant and requested that they confirm their continued interest in having the application reviewed.
- [9] In a letter dated June 27, 2022, the Applicant confirmed their interest in having the review proceed.
- [10] The undersigned was assigned to review the rejected application under paragraph 199(3)(c) of the *Patent Rules*. On April 15, 2024, I sent a Preliminary Review letter which detailed my preliminary analysis and opinion that the actual inventions of claims 1 to 11 on file do not fit within any category of invention in section 2 of the *Patent Act*.
- [11] In addition, the Preliminary Review letter notified the Applicant, in accordance with subsection 86(9) of the *Patent Rules*, that I also considered that the claims on file defined subject-matter prohibited by subsection 27(8) of the *Patent Act*.
- [12] The Preliminary Review letter also noted that the proposed claims appeared to be directed to non-patentable subject-matter, both falling outside the definition of

invention of section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

[13] Finally, the Preliminary Review letter provided the Applicant with an opportunity to make oral and/or written submissions.

[14] In a letter dated April 29, 2024, the Applicant declined the opportunity for a hearing and indicated that they did not wish to provide further written submissions.

THE ISSUES

[15] In view of the above, the following issues are considered in this review:

- whether claims 1 to 11 on file encompass subject-matter outside the definition of invention and do not comply with section 2 of the Patent Act; and
- whether claims 1 to 11 define subject-matter prohibited by subsection 27(8) of the Patent Act.

[16] In addition, the proposed claims submitted with the Response to the Final Action have also been considered.

PURPOSIVE CONSTRUCTION

Legal background

[17] Purposive construction is antecedent to any consideration of validity: *Free World Trust v Électro Santé Inc*, 2000 SCC 66 at para 19 [*Free World Trust*] and *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at para 43 [*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, considering the whole of the disclosure including the specification and drawings: *Free World Trust* at paras 31, 44, 51 to 52 and 55 to 60; *Whirlpool* at paras 45 to 49 and 52 to 53; *PN2020-04* at Purposive Construction [*PN2020-04*].

- [18] 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 person skilled in the art that a variant has a material effect upon the way the invention works.
- [19] As indicated under Purposive Construction in *PN2020-04*, “all elements set out in a claim are presumed essential, unless it is established otherwise or is contrary to the language used in the claim.”
- [20] Since both the interpretation of term meaning and the identification of the essential elements are done in light of the relevant common general knowledge, the person skilled in the art must first be identified to determine their common general knowledge: Manual of Patent Office Practice (CIPO) [*MOPOP*] at §12.02.01, revised June 2015.

Analysis

- [21] The Preliminary Review letter, on pages 4 to 7, stated the following with regard to the identity of the person skilled in the art and their expected common general knowledge:

The person skilled in the art and the relevant common general knowledge

The Final Action, on page 2, identifies the person skilled in the art and the relevant common general knowledge in view of the teachings of the description:

The Person Skilled in the Art

One skilled in the art would be one familiar and versed in the logistics of wagering/betting systems, networks and software associated with such (pages 1 and 2).

Common General Knowledge

Relevant common general knowledge in the art would include:

- knowledge of betting and wagering systems (page 1, lines 9- 25).

The Response to the Final Action did not contest or comment on these characterizations of the person skilled in the art and their relevant common general knowledge. Further, the Applicant does not propose any additional considerations with regard to either the person skilled in the art or the relevant common general knowledge in their response.

The Summary of Reasons, on page 2, presented the same identification of the person skilled in the art and their relevant common general knowledge as found in the Final Action.

Regarding the person skilled in the art, several court decisions have provided additional context for their identification. For example, the Supreme Court of Canada explained that although the person skilled in the art is deemed to have no scintilla of inventiveness or imagination, a patent specification is addressed to “skilled individuals sufficiently versed in the art to which the patent relates to enable them on a technical level to appreciate the nature and description of the invention”: *Whirlpool* at para 53. Moreover, “in the case of patents of a highly technical and scientific nature, that person may be someone possessing a high degree of expert scientific knowledge and skill in the particular branch of science to which the patent relates”: *Consolboard v MacMillan Bloedel (Sask) Ltd*, [1981] 1 SCR 504 at page 525.

In addition, the person skilled in the art can represent a composite of scientists—highly skilled and trained persons who conduct scientific research to advance knowledge in an area of interest—and researchers: *Bayer Aktiengesellschaft v Apotex Inc* [1995] 60 CPR (3d) 58 at page 79

The notional skilled technician can be a composite of scientists, researchers and technicians bringing their combined expertise to

bear on the problem at hand: “This is particularly true where the invention relates to a science or art that transcends several scientific disciplines.” (*Per Wetston J. in Mobil Oil Corp. v. Hercules Canada Inc.* (unreported, September 21, 1994, F.C.T.D., at p. 5 [now reported 57 C.P.R. (3d) 488 at p. 494, 82 F.T.R. 211].)

With the above considerations in mind and having reviewed the specification as a whole, I consider that the characterization of the person skilled in the art presented in the Final Action and Summary of Reasons is reasonable. For example, page 1 of the present description identifies that “[t]his invention relates in general to systems that facilitate betting on events and, more particularly, to a system for conducting a jackpot race event.” Further, the subject-matter of the claims on file relates to processing bets, determining winning bets based on race results, generating jackpot bets, and allocating amounts to a pari-mutuel pool.

Regarding the identification of the common general knowledge, it is well established that the common general knowledge is limited to knowledge which is generally known by persons skilled in the field of art or science to which a patent relates: *Apotex Inc v Sanofi–Synthelabo Canada Inc*, 2008 SCC 61 at para 37 [*Sanofi*]; *Free World Trust* at para 31. Accordingly, the common general knowledge is with respect to the subset of patents, journal articles and technical information which is generally acknowledged by persons skilled in the art as forming part of the common general knowledge in the field to which a patent relates.

Established reference works (such as textbooks, review articles, handbooks, etc.) or demonstrated commonality of certain knowledge in a number of disclosures in the field are relevant to the inquiry: *MOPOP* at §12.02.02c, revised October 2019.

Furthermore, it is my preliminary view that information in the present specification may be evidence of the common general knowledge as it could be reasonable to consider general or broadly worded assertions of conventional practice or knowledge as common general knowledge:

Corning Cable Systems LLC v Canada (Attorney General), 2019 FC 1065 and *Newco Tank Corp v Canada (Attorney General)*, 2015 FCA 47.

Having reviewed the specification, I am of the preliminary view that the information regarding betting and wagering systems in horse races and sporting events as set out in the Final Action and Summary of Reasons would have been generally known by the person skilled in the art as defined above who is “sufficiently versed in the art to which the patent relates to enable them on a technical level to appreciate the nature and description of the invention”: *Whirlpool* at para 53.

In addition, I preliminarily consider that the relevant common general knowledge includes the infrastructure and functionality conventionally used to interface with betting systems, as well as the design, implementation, operation and maintenance of computer-implemented betting systems, networks and software. This is consistent with the teaching in the Background of the description that “pari-mutuel betting systems are commonly used in North America (and other various places throughout the world) for betting on horse races.” Likewise, the limited detail in the specification (e.g. pages 1, 7 to 13 and Figure 1) concerning implementation of the system for wagering on a jackpot race event suggests that such implementation must be within the grasp of the person skilled in the art.

- [22] In the absence of submissions from the Applicant, I adopt the above characterizations of the person skilled in the art and the relevant common general knowledge for my final analysis.

The claims on file

- [23] The Preliminary Review letter, on pages 7 to 9, summarized the content of the claims on file and expressed my preliminary view that their meaning and scope would have been clear to the person skilled in the art:

There are 11 claims on file. Independent claim 1 is directed to a computer-implemented method for wagering on a jackpot race event and independent

claim 6 is directed to an apparatus, comprising a processor, for wagering on a jackpot race event. Claim 1 is representative and reads as follows:

1. A method comprising:

receiving, by a processor, an indication of a bet from a remote device over an electronic communication network, the indication of the bet comprising a first bet component and a second bet component, in which the first bet component is associated with a first race event and comprises a first bet amount, and in which the second bet component is associated with a second race event and comprises a second bet amount;

receiving, by the processor, electronic data indicative of race results over the electronic communication network;

determining, via the processor, whether the first bet component and the second bet components are winning bets based at least partially on the electronic data indicative of the race results;

in response to determining that the first bet component and the second bet component are winning bets, generating, via the processor, a particular number of electronic records in a memory that are indicative of jackpot bets for a jackpot race event, in which the particular number is based at least in part upon the first bet amount and the second bet amount;

associating, via the processor, the electronic records indicative of the jackpot bets with the remote device; and

allocating, via the processor, the first bet amount to a common pari-mutuel pool for the first race event.

Independent claim 6 on file describes an apparatus to implement the method of claim 1 on file.

The dependent claims on file recite additional features of the methods for wagering on a jackpot race event such as determining payouts for the bet

components, associating the jackpot race pool with multiple jackpot race events, specifying types of bets, receiving bet components in a single transaction, and basing the number of electronic records indicative of jackpot bets on odds associated with selected participants in the race events.

Meaning of the terms

As indicated above, purposive construction is performed from the point of view of the person skilled in the art in light of their relevant common general knowledge and includes interpreting the meaning of the terms of a claim.

There is no indication in the prosecution record of any issues with respect to the claim language, for example, the meaning of terms or claim ambiguity. The claims on file do not appear to include any terms that would be unfamiliar to the person skilled in the art in light of their relevant common general knowledge. In my preliminary view the person skilled in the art would readily understand the claim language and its meaning.

[24] In the absence of submissions from the Applicant, I adopt the above views for my final analysis.

Essential elements

[25] The Preliminary Review letter, on pages 9 to 10, stated the following with regard to the elements in the claims that the person skilled in the art would consider to be essential:

Page 2 of the Summary of Reasons specifies, in accordance with *PN2020-04*: “As there is no indication otherwise in the claims, all elements of claims 1-11 are essential.”

As mentioned above, 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 person skilled in the art that a variant has a material effect upon the way the invention works.

With the above considerations in mind and having reviewed the specification as a whole, it is my preliminary view that the person skilled in the art reading claims 1 to 11 would not view the individual method steps or computer-related elements as either optional or non-essential based on the claim language itself. Likewise, it is my preliminary view that the person skilled in the art would recognize that the use of a computerized system to implement the method steps in the claims on file was not omissible or capable of substitution.

Therefore, I preliminarily agree with the assessment in the Summary of Reasons and consider all of the elements in the claims on file to be essential.

[26] In the absence of submissions from the Applicant, I adopt the above identification of the claim elements that are essential for my final review.

PATENTABLE SUBJECT MATTER

Legal background

[27] 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.

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

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

[29] *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.

- [30] 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 at para 42 [*Amazon*]. As stated by the Federal Court of Appeal in *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 at para 68 [*Benjamin Moore*], this determination is in line with that Court’s statement in *Schlumberger Canada Ltd v Commissioner of Patents*, [1982] 1 FC 845 (CA) at 847 [*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.
- [31] However, *Amazon*, at para 44, cautions 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*.
- [32] This observation reflects the position of the Federal Court of Appeal in *Amazon* on the physicality requirement. There is a requirement for something with physical existence, or something that manifests a discernible effect or change. Nonetheless, this requirement cannot be met merely by the fact that the claimed invention has a practical application: *Amazon* at paras 66 and 69. To illustrate this point, *Amazon* refers 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.

[33] The patentable subject-matter concerns regarding the well-known use of a computer to process an algorithm, illustrated by *Schlumberger*, are outlined 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.

[34] 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 to 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.

[35] As noted in *Benjamin Moore* at para 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 as 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

[36] The Preliminary Review letter, on pages 12 to 16, explained that in my preliminary view, claims 1 to 11 on file define unpatentable subject-matter, falling outside the categories of invention defined in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*:

The Summary of Reasons, on pages 2 to 3, explains that the claims on file define an actual invention that is not patentable subject-matter:

As is evident from the claims themselves and confirmed by reference to the rest of the specification considered in light of the relevant CGK, the data input, output and storage steps of the claims represent generic input, output, and storage steps of a computer-implemented process.

In such a case, all of the essential elements correspond only to the processing of data to obtain better results by means of a generic computer. It is therefore necessary to ascertain whether the computer-implemented steps/computer form part of the actual invention. There is no evidence that the functioning of the computer is being improved by applying an improved wagering scheme that promotes the creation of a pari-mutuel pool for the race events which receives bets and pays out winning bets over a larger period of time. This merely relates to data input (bets and amounts), data manipulation according to the betting scheme, storage, and output of information in the form of a printout. Therefore, the input, output and storage processing steps do not form part of a single actual invention. As the disclosure is focused on the placing of bet components, the allocation of a bet amount to a common pari-mutuel pool, and the pay-out amounts for winner bets, the actual invention is considered to be mere calculations, application of rules, and the storage and output of information, which has no physical existence and does not manifest a discernible effect or change.

Claims 1-11 define an actual invention that is excluded subject-matter under subsection 27(8) of the Patent Act and is not patentable subject-matter.

Having reviewed the claims on file, I preliminarily consider “art” to be the most relevant category of invention for the methods of claims 1 to 5. The most relevant category for the apparatus of claims 6 to 11 would be “machine” or “manufacture.”

Starting with independent claim 1, in my preliminary view, the actual invention in this claim appears to be limited to an abstract algorithm for wagering on a jackpot race event comprising the following data manipulation steps and abstract rules:

- receiving an indication of a bet, the indication of the bet comprising a first bet component and a second bet component, in which the first bet component is associated with a first race event and comprises a first bet amount, and in which the second bet component is associated with a second race event and comprises a second bet amount;
- receiving data indicative of race results;
- determining whether the first bet component and the second bet components are winning bets based at least partially on the data indicative of the race results;
- generating, a particular number of records that are indicative of jackpot bets for a jackpot race event, in which the particular number is based at least in part upon the first bet amount and the second bet amount;
- associating the records indicative of the jackpot bets; and
- allocating the first bet amount to a common pari-mutuel pool for the first race event.

Although the claim recites various computer-related elements, such as a processor and an electronic communication network, the mere fact that

these elements are essential elements does not necessarily mean that the claimed invention is directed to patentable subject-matter.

As noted in the Summary of Reasons, there is no suggestion in the specification that the claimed computer-related elements represent anything other than generic computer components. Likewise, there is no suggestion in the specification that the claimed series of steps involving data manipulation and rules for determining winning bets and allocating jackpot bets performed by these elements represent anything other than well-known functions of generic computer components, or that the functioning of the computer is being improved by applying an improved wagering scheme for managing bets and conducting a jackpot race event.

Although page 2 of the description indicates that embodiments of the present betting system may benefit from freeing up of network resources and increasing speed and throughput efficiency, there is no indication in the specification that the functioning of the computer is actually improved by the claimed steps. Similarly, 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. Indeed, the description of the computer network of Figure 1, set out at pages 3 to 14, is one of generic computer-related network components.

Further, as indicated on page 5 of the description, changing the rules to facilitate jackpot race events by creating pari-mutuel pools is designed to increase liquidity in wagering pools. There is no suggestion in the description that changing the wagering rules addresses any challenges or deficiencies in the functionality or performance of the computer systems, beyond their role in executing the rules and processes. Specifically, there is no indication that changing the wagering rules targets issues such as improving memory usage or overall computer speed in a general computing context.

As stated in *Benjamin Moore* at para 94, "if the only new knowledge lies in the method itself, it is the method that must be patentable subject matter. If,

however, the new knowledge is simply the use of a well-known instrument (a book or a computer) to implement this method, then it will likely not fall under the definition found at section 2 without something more to meet the requirement described at paragraph 66 of *Amazon*". In the present case, the computer elements as claimed are merely being used to make the kind of generic data manipulations they are known to make: see *Schlumberger*. There is nothing in claim 1 on file to suggest that the computer elements are used beyond well-known generic data processing operations. Therefore, it is my preliminary view that the "new knowledge" or "discovery" does not include the computer implementation, and the computer elements do not form part of the actual invention.

In my preliminary view, the actual invention of claim 1 is limited to an abstract algorithm for conducting a jackpot race event comprising data manipulation steps and abstract rules, for determining winning bets and allocating jackpot bets. It follows that the actual invention, new knowledge or discovery of claim 1 is directed to an abstract idea that does not satisfy the physicality requirement as set out in *Amazon* and *PN2020-04*.

Independent claim 6 is similar to claim 1, but specifies an apparatus comprising a memory, a network interface and at least one processor to execute the rules and processes for wagering on a jackpot race event. In my preliminary view, the generic computer-related components specified in claim 6 would not satisfy the physicality requirement for the same reasons detailed above for claim 1.

Furthermore, in my preliminary view, the additional features recited in dependent claims 2 to 5 and 7 to 11 on file, such as determining payouts for the bet components, associating the jackpot race pool with multiple jackpot race events, specifying types of bets, receiving bet components in a single transaction, and basing the number of electronic records indicative of jackpot bets on odds associated with selected participants in the race events represent variations in the parameters of algorithms for conducting a jackpot race event which do not change the nature of the actual inventions. Therefore, it is my preliminary view that the dependent claims do not add

any features that would satisfy the physicality requirement and render the claims patentable.

In light of the above, it is my preliminary view that, although claims 1 to 11 on file appear on their face to be directed to patentable categories of invention, the actual inventions of these claims are in fact directed to a series of abstract data manipulations and rules that have no physical existence and do not fit within any category of invention in section 2 of the *Patent Act*. Furthermore, since the abstract data operations and rules are akin to a “mere scientific principle or abstract theorem,” they are also prohibited from patentability by subsection 27(8) of the *Patent Act*.

- [37] In the absence of submissions from the Applicant, I adopt the above reasons here. Although claims 1 to 11 on file appear on their face to be directed to patentable categories of invention, their actual inventions are directed to a series of abstract data manipulations and rules. Such actual inventions do not fit within any category of invention in section 2 of the *Patent Act*. Furthermore, since the abstract data operations and rules are akin to a “mere scientific principle or abstract theorem,” they are also prohibited from patentability by subsection 27(8) of the *Patent Act*.

DO THE PROPOSED CLAIMS REMEDY THE DEFECTS?

- [38] As indicated above, the Response to the Final Action included proposed claims 1 to 5. Proposed claims 1 to 5 are directed to an apparatus comprising a card swiper, a printer, a memory and at least one processor to execute the rules and processes for wagering on a jackpot race event.
- [39] The Preliminary Review letter, on pages 16 to 19, explained that in my preliminary view, proposed claims 1 to 5 would still define unpatentable subject-matter, falling outside the categories of invention defined in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*:

According to page 3 of the Summary of Reasons, proposed claims 1 to 5 would still define an invention that is not patentable subject-matter:

Regarding the last proposed amendments and remarks dated March 5th, 2020; the applicant submits that the problem is with the computerized betting system and providing improvements in performance thereof. Applicant submits that the invention pertains to improving the performance of a computerized betting system, and further provides techniques to help control commands and transactions being transmitted over the network and control computer workload including resources such as memory resources, processor resources, and network resources such as network bandwidth

The proposed claims recite steps such as receiving at the computer system data representing bets, receiving data indicative of results of the events, determining whether the bets are winning bets, determining by the computer system whether to generate a printout indicating the bet is a winning bet and allocating a bet amount to a common pari-mutuel pool accordingly. However, these are generic computer inputs and outputs, and furthermore it is standard that outputs are dependent on electronic command signals that are issued when necessary. This does not imply that the computer performance has been improved and nor has this been demonstrated. Thus, the functioning of the computer is not being changed.

Therefore, newly proposed claims 1-5 are still defective as in they define an invention that is excluded subject-matter under subsection 27(8) of the Patent Act and is not patentable subject-matter.

Having reviewed the proposed claims, I preliminarily consider “machine” or “manufacture” to be the most relevant category of invention for the apparatus of proposed claims 1 to 5.

Starting with independent proposed claim 1, in my preliminary view, the actual invention in this claim appears to be limited to an abstract algorithm

for wagering on a jackpot race event comprising the following data manipulation steps and abstract rules:

- receiving an indication of a bet, the indication of the bet comprising a first bet component and a second bet component, in which the first bet component is associated with a first race event and comprises a first bet amount, and in which the second bet component is associated with a second race event and comprises a second bet amount;
- receiving data indicative of race results;
- determining whether the first bet component and the second bet components are winning bets based at least partially on the data indicative of the race results;
- generating an indication that the bet is a winning bet;
- receiving an indication of the winning bet;
- generating, a particular number of records that are indicative of jackpot bets for a jackpot race event, in which the particular number is based at least in part upon the first bet amount and the second bet amount; and
- allocating the first bet amount to a common pari-mutuel pool for the first race event.

As noted in the Summary of Reasons, the claim refers to generic computer inputs and outputs to execute a series of steps involving data manipulation and rules for determining winning bets and allocating jackpot bets. This does not imply that the computer performance has been improved nor has this been demonstrated.

In my preliminary view, I agree with the Summary of Reasons that the card swiper and printer are generic computer-related elements: see pages 7 to 8 of the description and Figure 1. The use of generic computer inputs and outputs in proposed claim 1 do not satisfy the physicality requirement for the same reasons detailed above with respect to the claims on file.

Proposed dependent claims 2 to 5 correspond to claims 2, 5, 3 and 4 on file, respectively. As indicated above, in respect of the corresponding claims on file, the additional features recited in these claims represent variations in the parameters of the algorithm for conducting a jackpot race event would not change the nature of their actual inventions. Therefore, it is my preliminary view that the proposed dependent claims do not add any features that would satisfy the physicality requirement and render the claims patentable.

In light of the above, it is my preliminary view that, although proposed claims 1 to 5 appear on their face to be directed to a patentable category of invention, the actual inventions of these claims are in fact directed to non-patentable subject-matter that would fall outside the definition of invention of section 2 of the *Patent Act* [and] would be prohibited by subsection 27(8) of the *Patent Act*.

In view of the foregoing reasons, it is my preliminary view that the proposed amendments do not meet the requirements of a necessary amendment under subsection 86(11) of the *Patent Rules*.

[40] In the absence of submissions from the Applicant, I adopt the above reasons here. Although proposed claims 1 to 5 appear on their face to be directed to patentable categories of invention, their actual inventions are directed to a series of abstract data manipulations and rules. Such actual inventions do not fit within any category of invention in section 2 of the *Patent Act* and would be prohibited by subsection 27(8) of the *Patent Act*.

[41] It follows that I conclude that the proposed amendments do not meet the requirements of a necessary amendment under subsection 86(11) of the *Patent Rules*.

CONCLUSIONS

[42] Claims 1 to 11 on file define unpatentable subject-matter, falling outside the categories of invention defined in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.

[43] The proposed claims would not overcome the patentable subject-matter defect and are therefore not considered a “necessary” amendment for compliance with the *Patent Act* and *Patent Rules* as required by subsection 86(11) of the *Patent Rules*.

RECOMMENDATION OF THE BOARD

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

- claims 1 to 11 on file encompass subject-matter outside the definition of invention and do not comply with section 2 of the Patent Act; and
- claims 1 to 11 define subject-matter prohibited by subsection 27(8) of the Patent Act.

Christine Teixeira

Member

DECISION OF THE COMMISSIONER

[45] I agree with the findings of the Patent Appeal Board and its recommendation to refuse the application on the grounds that:

- claims 1 to 11 on file encompass subject-matter outside the definition of invention and do not comply with section 2 of the Patent Act; and
- claims 1 to 11 define subject-matter prohibited by subsection 27(8) of the Patent Act.

[46] Therefore, in accordance with section 40 of the *Patent Act*, I refuse to grant a patent for this application. Under section 41 of the *Patent Act*, the Applicant has six months to appeal my decision to the Federal Court of Canada.

Konstantinos Georganas

Commissioner of Patents

Dated at Gatineau, Quebec

this 10th day of June, 2024.