

Citation: Blackhawk Network, Inc (Re), 2024 CACP 21

Commissioner's Decision #1680

Décision du commissaire n° 1680

Date: 2024-12-16

TOPIC:	B00	Claims—Ambiguity or Indefiniteness (incomplete)
	J00	Subject Matter of Applications—Meaning of Art
	J50	Subject Matter of Applications—Mere Plan
	O00	Obviousness

SUJET :	B00	Revendications—Caractère ambigu ou indéfini (incomplet)
	J00	Objet des demandes—Signification de la technique
	J50	Objet des demandes—Simple plan
	O00	Évidence

Application No. 2786264

Demande n° 2 786 264

IN THE CANADIAN PATENT OFFICE

DECISION OF THE COMMISSIONER OF PATENTS

The Commissioner refuses patent application 2786264 based on the Patent Appeal Board's recommendation. The Board reviewed the application under paragraph 199(3)(c) of the *Patent Rules*, SOR/2019-251, following the application's rejection under subsection 30(3) of the former *Patent Rules*, SOR/96-423.

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INTRODUCTION

- [1] The Patent Appeal Board recommends patent application 2786264 be refused for claiming unpatentable subject matter, claiming obvious subject matter, having indefinite claims and having incorrect references in its description to the drawings.

The application

- [2] Blackhawk Network, Inc applied for a patent (2786264) for “A System for Processing, Activating and Redeeming Value Added Prepaid Cards.” The invention involves the sale of stored value cards (e.g. gift cards) with value added beyond their purchase price. The invention is intended to encourage consumers to buy stored value cards, or to use such cards in certain stores, by adding value to the card when certain conditions are met. There are 54 claims on file.

Prosecution history

- [3] The Examiner sent a Final Action rejecting the application for claiming unpatentable subject matter. The Applicant responded by proposing a new claim set, and submitting that the proposed claims defined patentable subject matter. The Examiner disagreed and maintained the rejection. The Examiner’s reasons were sent to the Applicant and the rejected application was sent to the Board for review on behalf of the Commissioner of Patents.
- [4] I preliminarily reviewed the application and told the Applicant the results via a preliminary review letter on May 19, 2022. The preliminary review letter explained that the claims on file define unpatentable subject matter, and that additional defects were also identified. Namely, most claims on file define obvious subject matter, most claims on file are indefinite, and several paragraphs of the description on file incorrectly refer to the drawings. The letter also explained why I did not consider the proposed claims to be an amendment that would make the application allowable. Finally, the letter invited the Applicant to respond by making written submissions and by participating in a hearing.

- [5] After several correspondences between me and the Applicant, the Applicant ultimately responded to the preliminary review letter with written submissions on September 15, 2022. Their response to the preliminary review letter included a second set of 54 proposed claims, a newly proposed description, and arguments for allowance. The Applicant declined the option of a hearing, and requested the review to proceed based on the written record, via email on September 29, 2022.
- [6] I reassessed the rejected application (and the latest proposals and submissions), prompted by the release of the court case *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 [*Benjamin Moore*]. I did this reassessment to see if the reasoning and commentary of *Benjamin Moore* concerning patentability impacted my analysis or prompted the Applicant to make new submissions.
- [7] I sent a supplemental letter to the Applicant on January 29, 2024 with the results of the reassessment. The supplemental letter explained that the issues remained, and that additional indefiniteness defects had become apparent. It also noted that the proposed description and second proposed claims are not amendments that would make the application allowable. The supplemental letter also asked the Applicant if they wished to make further submissions or attend a hearing. The Applicant ultimately declined both of these options via email on June 3, 2024. Since the written record is the same as it was when the supplemental letter was sent, the results in this recommendation are the same as those in that letter.

THE ISSUES

- [8] I had to determine whether:
- claims 1 to 54 on file define subject matter outside the definition of invention in section 2 of the *Patent Act*, RSC 1985, c P-4, and prohibited by subsection 27(8) of the *Patent Act* (the full text of all cited statutory provisions is included in the Appendix);

- claims 1 to 45 and 52 to 54 on file define subject matter that would have been obvious in view of cited documents, contravening paragraph 28.3(b) of the *Patent Act*;
- claims 3 to 54 on file are unclear, thus making them indefinite, contravening subsection 27(4) of the *Patent Act*; and
- paragraphs 73 to 78 of the description on file misname figure 6 and its reference characters, contravening subsections 59(11) and 59(12) of the *Patent Rules*, SOR/2019-251.

[9] I then also had to consider whether:

- replacing the specification on file with the second proposed claims 1 to 54 and the proposed description would make the application allowable, as required to be a necessary amendment under subsection 86(11) of the *Patent Rules*.

[10] Before determining these issues, I had to purposively construe the claims.

PURPOSIVE CONSTRUCTION

Principles

[11] Claims must be purposively construed before considering validity issues (*Free World Trust v Électro Santé Inc*, 2000 SCC 66 at para 19 [*Free World Trust*]; *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at para 43 [*Whirlpool*]). Claims are purposively construed from the point of view of the person skilled in the art, in light of the relevant common general knowledge as of the publication date (*Free World Trust* at paras 31, 44, 51, 55–57, 66; *Whirlpool* at paras 45, 48, 53, 55; “Patentable Subject-Matter under the *Patent Act*” (CIPO, November 2020) at “Purposive construction” [PN2020–04]). The whole disclosure is considered, including the specification and drawings (*Whirlpool* at paras 48–49, 52–54; PN2020–04).

- [12] 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. Claimed elements are presumed essential unless it is established otherwise, or unless such presumption is contrary to the claim language (*Free World Trust* at para 57, *Distrimedica v Dispill Inc*, 2013 FC 1043 at paras 200–01; *PN2020–04* (at “Purposive construction”).
- [13] Both interpretation of term meaning and identification of the essential elements are in light of the relevant common general knowledge. Therefore, one must first identify the skilled person and determine their common general knowledge.

The skilled person and their common general knowledge

- [14] I characterize the skilled person as a team comprising marketing and business professionals experienced with stored value card transactions. The team also comprises programmers and other technologists experienced with developing and providing the software, tools and infrastructure conventionally used to support the activities and designs of such professionals.
- [15] Based on this characterization of the skilled person, I identify the relevant common general knowledge as of the publication date—July 14, 2011—as including:
- stored value cards, their commercial uses and related actions;
 - the desirability for card issuers and redeeming merchants to be able to promote their card or store;
 - the infrastructure and functionality conventionally used to enable and support transactions involving stored value cards, including;
 - the ability to add value to a stored card; and

- the ability to communicate requests, responses and authorizations between point-of-sale terminals, card issuer systems and other parties' systems;
- the reconciliation of the accounts of the parties involved in a card-based transaction; and
- the design, implementation, operation and maintenance of computer systems, networks and software, including:
 - general purpose computers, computing devices, processors, input means and user interfaces;
 - database systems and other data storage systems; and
 - computer network and other data communications systems.

[16] I also base this identification on what the present application describes as generally known or conventionally done in the field of stored value card transactions (paras 2, 11–13, 41, 42, 74, 76–77). This identification is also supported by the disclosures of D1 and D3 to D6. D1 and D3 to D6 refer to the following patent documents, which disclose subject matter similar to that of the present invention:

D1:	US 2008/0059302	March 6, 2008	Fordyce III et al.
D3:	US 2002/0174016	November 21, 2002	Cuervo
D4:	US 7578439	August 25, 2009	Graves et al.
D5:	US 2007/0210152	September 13, 2007	Read
D6:	CA 2520690	October 28, 2004	Hafer et al.

[17] Like the present application, D1 (paras 3–8, 218–23; figure 5), D3 (paras 6–7, 10), D4 (columns 1–2), D5 (paras 2–5) and D6 (paras 2–6, 41–42, 53) describe certain things as generally known or conventionally done.

- [18] I specifically identified conventional infrastructure for supporting card transactions, and conventional computer technologies, as part of the common general knowledge above. This identification is also supported by the low amount of detail in the application concerning implementation of the stored value card system and its hardware, software and networks (e.g. paras 17–24, 41, 42, 73–78; figures 1, 6). The limited detail suggests such implementation must be within the grasp of the skilled person.
- [19] Furthermore, each of D1 (para 173), D3 (paras 6, 10, 11, 26–28), D4 (columns 4, 5, 7–10), D5 (paras 16–23) and D6 (paras 11, 39, 50–52, 73, 84, 86–87, 90–91) separately discloses systems and scenarios where value is added to stored value cards and card-based transactions are carried out. This shared disclosure further strengthens the recognition that the common general knowledge includes systems and techniques for doing so.
- [20] The Applicant did not dispute this identification of the skilled person and their relevant common general knowledge when it appeared in the preliminary review letter and the supplemental letter. These identifications give the basis for purposively construing the claims.

The claims

- [21] The independent claims on file relate to stored value card transactions involving the addition of value or a bonus. Claims 1, 12, 45 and 53 are in the form of computer-implemented methods, and claims 23, 34 and 54 are in the form of stored value card transaction systems. Claim 1 is illustrative of the invention:
1. A computer implemented method for conducting a stored value card transaction, the method being performed on a stored value card transaction computer having a processor and a non-transitory computer readable memory, the processor executing programming and/or executable instructions stored on the non-transitory computer readable memory which transform the stored value card transaction computer into a particular machine and cause the stored value card transaction

computer to perform the method in a sequence of steps, the steps of the method comprising:

receiving, by the stored value card transaction computer, a transaction request for a stored value card from a point of sale terminal, wherein the transaction request comprises at least one of a card identification, a point of sale terminal identification, a vendor identification, a merchant identification, and a time of activation;

comparing by the stored value card transaction computer, the time of activation and at least one of the card identification, the point of sale terminal identification, the vendor identification, and the merchant identification, to stored data in a stored value card datastore to determine if the stored value card is eligible for a value differentiation;

determining, by the stored value card transaction computer, based on the time of activation, the value differentiation to be attributed to an account associated with the stored value card when the stored value card is determined to be eligible for the value differentiation;

modifying, by the stored value card transaction computer, the transaction request based on the determined value differentiation when the stored value card is determined to be eligible for the value differentiation;

transmitting, by the stored value card transaction computer, the transaction request to the card issuer authorization system;

receiving, by the stored value card transaction computer, a response from the card issuer authorization system; and

transmitting, by the stored value card transaction computer, the response to the point of sale terminal.

- [22] Independent claims 1 and 12 are similar to each other, but define the rules for the comparison and determination differently. Claim 12 does not explicitly say both the time of activation and one of the identifiers are compared to stored data. Instead, it says at least one of the activation time or identifiers is compared to the stored data to determine if the card is eligible for a value added award. It also says the value added award is determined based on a time of activation in comparison with at least one of the identifiers.
- [23] Independent claims 23 and 34 define stored value card transaction systems using the language of claims 1 and 12. However, neither explicitly says that both the time of activation and one of the identifiers are compared to stored data. Like claim 12, they both also say that the value differentiation or value added award is determined based on a time of activation in comparison with at least one of the identifiers.
- [24] Independent claim 45 recites a computer-implemented method “for conducting the stored value card transaction of” claims 1 to 22, where the transaction request comprises information for at least two stored value cards.
- [25] Independent claim 53 is similar to claim 12 but more precisely defines the card transaction as a card activation, and as involving the addition of value in excess of the purchase price. Independent claim 54 is similar to claim 34 but specifically defines the system as being for activating and redeeming the cards.
- [26] The dependent claims recite more details regarding the nature of the transaction and the parties involved.

The meaning of certain terms

- [27] In my view, the skilled person would understand the terms “transaction requests” and “transaction messages” in the independent claims on file to mean “activation requests” and “activation messages.”
- [28] Of the independent claims, only claim 53 specifically refers to receipt of an “activation request.” Independent claim 54 recites a system for “activating and

redeeming” stored value cards. The remaining independent claims only refer to the receipt of the more generic “transaction request” or “stored value card transaction request.”

- [29] Nonetheless, all the independent claims but claim 45 directly refer to the comparison of the “time of activation” with stored data or other variables. (Claim 45 incorporates such a comparison as well, through its reference to claims 1 to 22.) Logically, the time of activation is only sent from the point of sale with activation requests, not redemption requests. The description and drawings support this reasoning (paras 28, 33–35, 50, 58; figures 3A–4B).
- [30] Accordingly, the skilled person would construe “transaction request” and “stored value card transaction request” in claims 1 and 12 (and, by extension, claim 45) as “activation request” or “stored value card activation request.” They would likewise construe “transaction message” in claims 23 and 34 as “activation message.” The skilled person would also understand the definition of the functionality of the “value added determination component” in claim 54 to be limited to the context of activation requests.
- [31] The Applicant did not dispute this interpretation when it appeared in the supplemental letter.

The elements are presumed to be essential

- [32] None of the claim language appears to suggest any of the elements are non-essential, aside from the recitation of lists of optional features in some of the claims on file (i.e. claims 1, 11, 12, 22, 23, 33, 34, 44, 48 and 52 to 54). For example, claim 1 recites the comparison of the time of activation “and at least one of the card identification, the point of sale terminal identification, the vendor identification, and the merchant identification” to stored data. Based on the wording of claim 1, it is not essential that all these identifiers be received and compared, as long as at least one (in addition to the time of activation) is.

- [33] Similarly, it is my view that the skilled person, based on the specification and drawings, would not recognize the use of a computerized system to be completely omissible or substitutable in the invention of any of the claims on file.
- [34] Accordingly, I presume all the elements of the claims on file to be essential, as qualified by the lists of “at least one” item in claims 1, 11, 12, 22, 23, 33, 34, 44, 48 and 52 to 54.
- [35] The Applicant did not dispute this identification of essential elements when it appeared in the supplemental letter.

PATENTABILITY: CLAIMS 1 TO 54 ARE UNPATENTABLE

Principles

- [36] A claim must define subject matter fitting within the definition of invention in section 2 of the *Patent Act*. Additionally, patents cannot be granted for any mere scientific principle, abstract theorem or mathematical formula (*Patent Act*, s 27(8); *Schlumberger Canada Ltd v Commissioner of Patents*, [1982] 1 FC 845 (CA) at 847 [*Schlumberger*]; *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 at paras 47, 51, 53, 68, 72 [*Benjamin Moore FCA*]).
- [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 at para 42 [*Amazon.com*]). As stated by the Federal Court of Appeal in *Benjamin Moore FCA* (para 68), this determination is in line with that Court's statement in *Schlumberger* (page 847) 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.com* at paras 65–66).
- [39] *Amazon.com* (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*.
- [40] This observation reflects the position of the Federal Court of Appeal in *Amazon.com* 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.com* at paras 66, 69). To illustrate this point, *Amazon.com* 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.com* 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 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 will not make it patentable subject matter; but
- if processing an algorithm improves the functionality of the computer, the computer and the algorithm together form a patentable single actual invention.

[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 FCA* at paras 69–70, referring to *Amazon.com*). These considerations assist in the determination of the discovery or new knowledge, the method of its application and the actual invention (*Benjamin Moore FCA* at para 89) that is ultimately measured against the physicality requirement.

[43] As noted in *Benjamin Moore FCA* at para 94 (and similarly expressed in *Amazon.com* 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

[44] I consider the claims on file to be directed to unpatentable and prohibited subject matter. The claimed computerized methods and systems embody computer systems programmed to merely process algorithms in a well-known manner without improving the functionality of the computer.

- [45] The actual invention, or what is “put forward as novel” in this case, appears to be the set of rules or algorithm for adding certain value to the stored value cards in certain conditions. To entice consumers, value is added to a stored value card beyond its purchase price. According to the application, this seems to be largely achieved through the maintenance and use of records in a remotely connected datastore (e.g. paras 24, 28, 34, 36). Computerized infrastructure for enabling and supporting stored value card transactions, including means for transmitting requests and responses between point-of-sale terminals, remotely connected databases and other systems on a network, is well known, however. The common general knowledge also includes computerized infrastructure able to add further value to cards under certain conditions. The application does not suggest any challenges in adapting such technologies to implement the proposed promotional strategy (paras 17–24, 41–42, 73–78; figures 1, 6).
- [46] Therefore, the set of rules or algorithm for adding value to stored value cards is merely being processed by a computer system in a well-known manner. The algorithm or rules do not improve the functionality of the computer system. Thus, this computer processing is not part of the actual invention—which is the set of rules or algorithm. The computer processing cannot help the abstract algorithm fulfil the physicality requirement of section 2 or avoid the prohibition of subsection 27(8).
- [47] Therefore, claims 1 to 54 on file define unpatentable subject matter, falling outside section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*.
- [48] The Applicant made submissions regarding the assessment of patentability in their response to the preliminary review letter (pages 2–4). The supplemental letter considered these remarks. It noted that they appear to be based on the legal framework for assessing patentability that was proposed in *Benjamin Moore & Co v Canada (Attorney General)*, 2022 FC 923. It also noted that the appeal of that case was allowed in *Benjamin Moore FCA*, and that reference to the proposed framework was deleted from the judgement. Factoring in these considerations, the supplemental letter presented the above patentability

assessment. The Applicant made no submissions in response to the supplemental letter.

OBVIOUSNESS: CLAIMS 1 TO 45 AND 52 TO 54 ARE OBVIOUS

Principles

[49] A claim must define subject matter that would not have been obvious to a skilled person on the claim date (*Patent Act*, s 28.3). Obviousness is assessed having regard to documents that were publicly available before the claim date (*Patent Act*, s 28.3(b)). The following four-step approach is useful for assessing obviousness (*Apotex Inc v Sanofi–Synthelabo Canada Inc*, 2008 SCC 61 at para 67):

- (1) Identify the skilled person and their relevant common general knowledge;
- (2) Identify the inventive concept of the claim;
- (3) Identify any differences between the matter cited as part of the state of the art and the inventive concept;
- (4) Would those differences have been obvious to the skilled person?

The skilled person and their common general knowledge

[50] I identified the skilled person above, and that identification is equally apt for assessing obviousness. For obviousness, the common general knowledge as of the claim date is used. In this case, the claim date is January 8, 2010. I nonetheless consider the above identification of the relevant common general knowledge applicable to assessing obviousness here.

The inventive concept

[51] I construed the claims on file, above. I take the wording of each construed claim as representing its inventive concept.

The differences

[52] I consider D5 to come the closest of the cited references to disclosing the entirety of the present invention. The differences between the disclosure of D5 and the inventive concepts for the claims on file are:

- D5 does not say that both the time of activation and one of the card identifiers are used to determine if the card is eligible for added value (unlike all the claims on file);
- D5 does not describe the request and response communicated between the transaction computer and the card issuer authorization system of the claims on file (unlike all the claims on file). The role of the transaction computer would be fulfilled by the merchant server disclosed in D5, and that of the card issuer authorization system would appear to be fulfilled by the additional value merchant server, or by the stored value or gift card merchant server, disclosed in D5;
- D5 does not describe the communication of a response from the merchant server to the point-of-sale terminal (unlike all the claims on file);
- D5 does not disclose the inclusion of a redemption request in the activation request (unlike dependent claims 3, 14, 25 and 36);
- D5 does not discuss the reconciliation of accounts of the different parties involved (unlike dependent claims 10, 11, 21, 22, 32, 33, 43 and 44); and
- D5 does not discuss the allocation of added value among multiple cards (unlike claims 45 to 52).

What D5 discloses

- [53] D5 discloses a computerized method for conducting a stored value card transaction at a point-of-sale terminal (abstract; paras 8–9, 12–23, 25, 27, 29–31, 36). The method is intended to add further value to a stored value card, thus providing an incentive to purchase and use the card (abstract; para 8). The additional value can take the form of additional funds, a discount, or access to certain services (abstract; paras 8, 25, 27, 29–31, 36). Card identifiers may be transmitted during the method with an activation request from the point-of-sale terminal to a server (e.g. a merchant server, additional value merchant server, stored value or gift card merchant server, etc.) (paras 12–13, 16–18, 20, 22). There, the identifiers are compared with stored data to determine if the card is eligible to receive additional value. If it is, indication is stored that the additional value has been attributed to the card. Certain conditions may need to be present for the card to be eligible, depending on the rules in place (paras 8, 20, 25). For example, the card may have to be used to make a purchase during a certain time period.

The differences with D5 shared by all the claims

- [54] D5 does not say that both the time of activation and one of the card identifiers are used to determine if the card is eligible for added value. Nor does it describe the request and response communicated between a transaction computer and a card issuer authorization system. (The role of the transaction computer would be fulfilled by the merchant server, and the role of the card issuer authorization system would appear to be fulfilled by the additional value merchant server, or by the stored value or gift card merchant server). Likewise, D5 does not describe the communication of a response from the merchant server to the point-of-sale terminal.
- [55] All the claims on file share these differences with D5. These are the only differences between D5 and claims 1, 2, 4 to 9, 12, 13, 15 to 20, 23, 24, 26 to 31, 34, 35, 37 to 42, 53 and 54.

Argued differences that do not exist

- [56] The Applicant suggested in their response to the preliminary review letter that the cited prior art also differs from the claims by not basing added value determinations on the time of the (non-activation) transaction (pages 4–5). That is to say, the Applicant argued that the prior art does not disclose basing the determination on, for example, the time of a redemption request for a previously activated card. The Applicant was referring to the second proposed claims, but the argument is as applicable to the claims on file. In either case, it is not an additional difference—I construed the “transaction messages” and “transaction requests” in the claims as referring to “activation messages” and “activation requests.” Accordingly, the claims do not define basing added value determinations on the time of a redemption request as opposed to the time of an activation request. Furthermore, D5 discloses examples where the value added depends on a (non-activation) transaction being made during a certain time period, or that can only be redeemed within a certain amount of time (paras 8, 25).
- [57] The Applicant also suggested an additional difference (page 5): D5 requires a first activation of a card and then a subsequent activation of the “linked” bonus. The claimed invention provides the point of sale with the card activation and value differentiation simultaneously, the Applicant submitted. The Applicant was speaking of second proposed claim 53, but given the above construction of the claims on file, such an argument would be as applicable to the claims on file. Nonetheless, D5 does disclose an embodiment where the activation of the card is the event that makes the linked bonus available (paras 8, 18–19). Upon activation, a card’s eligibility for an added value award is determined by comparing the card’s identifier with stored information (paras 16, 18). Thus, this is not an additional difference.
- [58] The Applicant also suggested that D5 further differs by requiring the card to be pre-linked to a value-added bonus: “The instant claims have no such pre-linking requirement because the determination for value added is not made until the time of the request for transaction of the card is provided” (page 5).

- [59] The way of determining added value eligibility and amount according to D5 can be the same as the way defined by the independent claims on file. D5 discloses that a card's eligibility for a particular added value award is determined by comparing the card's identifier with information stored in a database (paras 16, 18).
- [60] Independent claims 1 and 12 say that variables (which can include a card identifier) are received with the activation request. These variables are compared to data in a stored value card datastore to determine if the stored value card is eligible for a value differentiation or added value award. Then, based on at least one of those variables, the value differentiation or award is determined. Independent claims 23, 34, 53 and 54 say there is a datastore with conditions for receiving a value differentiation or added value award. When a card is activated, associated variables (such as a card identifier) are used to determine the card's eligibility for a value differentiation or award and its amount. The description confirms that a card's eligibility for an award, and the amount of that award, are determined by comparing variables associated with the card and the transaction (e.g. activation), with information in the datastore (e.g. paras 28, 33, 35).
- [61] Accordingly, the definition in the independent claims of how the added value eligibility and amount are determined is broad enough to encompass D5's disclosure of this functionality.

Additional differences for some claims

- [62] There are additional differences between the disclosure of D5 and several of the claims on file.
- [63] Regarding dependent claims 3, 14, 25 and 36, D5 discusses the redemption of value, but does not disclose the inclusion of a redemption request in the activation request (paras 9–11, 23). Regarding dependent claims 10, 11, 21, 22, 32, 33, 43 and 44, D5 does not explicitly discuss the reconciliation of accounts of the different parties involved. Regarding independent claim 45 and dependent

claims 46 to 52, D5 does not discuss the allocation of added value among multiple cards.

Would those differences have been obvious?

- [64] In my view, the differences between the disclosure of D5 and the inventive concepts of claims 1 to 45 and 52 to 54 on file would have been obvious to the skilled person, given the disclosures of D3 and D4.

The differences with D5 shared by all the claims

- [65] It would have been obvious to include the time of the card's activation among the identifiers and other information transmitted from the point-of-sale terminal to the transaction computer. D5 discloses transaction and authorization related communications between the point-of-sale terminal and its servers. It would be conventional to note or communicate the time of any transaction, especially one for activating a card. In addition, D4 discloses such a data transmission when seeking authorization for a transaction.
- [66] D4 discloses a system for supporting stored value card transactions using conventional point-of-sale terminals connected to a central processor via a communications network (abstract; column 2). D4 discloses the communication of data when seeking authorization for a transaction, where the data can include various identifiers and the time of activation of the card (column 8).
- [67] It would also have been obvious to involve communications with card issuer systems and merchant servers such as those referenced in the independent claims on file. Transmitting messages (such as authorization requests) to card issuer systems, and transmitting the responses back to the point-of-sale terminal, are part of the common general knowledge.
- [68] The Applicant submitted in their response to the preliminary review letter that it would not have been obvious to include the time of the transaction in the transmitted transaction requests and messages (page 5). Since the claims have

been construed as referring to “activation” requests and messages, the above reasoning stands. It would have been obvious to include the time of the activation in the transmitted activation requests and messages.

- [69] Furthermore, it would also have been obvious to include the time of transaction in a (non-activation) transaction request or message. D5 discloses examples where the value added and redeemed depends on the transaction being made within a certain time period (paras 8, 18–19, 20, 25). Thus, in such embodiments, the server determining what value to add, if any, would need to know the time of the transaction. The time of the transaction would need to be communicated from the point of transaction or redemption to the server. As another example, D4 discloses that its data management system for receiving transaction requests has a central processor and database (column 8; figure 7). The database stores, among other information, the date and time a card was activated. It can also store similar time information for the last transaction carried out. (D4 contemplates card activation as one type of transaction.) An obvious way for the data management system to acquire this time information would be to receive it with the other card and transaction variables transmitted from the point-of-sale terminal when the transaction occurs.

Additional differences for some claims

- [70] Regarding dependent claims 3, 14, 25 and 36, it would have been obvious to include a redemption request in the activation request if so desired. D5 discloses embodiments where the method of activating a card also includes a step of permitting the card’s user to redeem the value once the card is activated (paras 9–10, 17–19). It would be an obvious step to include the redemption request and activation request in a communication in such embodiments. The common general knowledge includes the ability to communicate the various requests, responses and authorizations between the various involved components as needed to support such transactions.
- [71] Regarding dependent claims 10, 11, 21, 22, 32, 33, 43 and 44, it would have been obvious that the relevant accounts must be reconciled. The reconciliation of

the accounts of parties involved in a transaction is part of the common general knowledge. So is the involvement of card vendors, merchants and card issuers as parties in such transactions. Logically, the administrator of the stored value card computer system is also a party involved in the transaction.

- [72] Regarding independent claim 45 and dependent claims 45 and 52, it would have been obvious to include transaction data for more than one card in a transaction request in view of D3.
- [73] D3 discloses a card that can be used for multiple purposes (including as a stored value card) and transactions, and that can be linked to multiple accounts (abstract; paras 6–7). D3 also describes the supporting infrastructure. D3 discloses that multiple cards may be linked to each other and that transactions may involve multiple cards (para 28). Any transaction requests or other supporting data communications would necessarily involve transaction information for all involved cards.
- [74] Regarding dependent claims 46 to 51, however, D3 does not disclose their value allocation details. Thus, these claims would not have been obvious.

Conclusion: claims 1 to 45 and 52 to 54 are obvious

- [75] The subject matter of claims 1 to 44, 53 and 54 on file would have been obvious to the skilled person in view of D5, D4 and the common general knowledge. The subject matter of claims 45 and 52 on file would have been obvious to the skilled person in view of D5, D4, D3 and the common general knowledge. Therefore, claims 1 to 45 and 52 to 54 on file do not comply with paragraph 28.3(b) of the *Patent Act*.

INDEFINITENESS: CLAIMS 3 TO 54 ARE INDEFINITE

- [76] A claim must distinctly and explicitly define its subject matter (*Patent Act*, s 27(4)). Its terms “must be free of avoidable ambiguity or obscurity,” and “be clear and precise” (*Minerals Separation North American Corp v Noranda Mines Ltd*, [1947] Ex CR 306 at 352).

- [77] In my view, claims 3, 12, 14, 23, 25, 34, 36, 45, 53, 54 on file each contain contradictions, or are otherwise worded such that they or subsequent claims are unclear.
- [78] Dependent claims 3, 14, 25 and 36 contain logical contradictions, obscuring their meaning. They define the “transaction request” or “transaction message” as comprising a redemption request. However, the skilled person would read these expressions as “activation request” or “activation message,” as explained above. According to the description and drawings, activation requests and redemption requests are separate concepts, and are sent in separate messages. Claims 4 to 11, 15 to 22, 26 to 33 and 37 to 52 ultimately incorporate this lack of clarity from at least one of these claims.
- [79] Each one of independent claims 12, 23, 34, 53 and 54 includes a logical inconsistency which obscures its meaning and makes it unclear. Each refers to a determination based on a comparison of the time of activation with at least one of the identifiers. Such a comparison is illogical and also unsupported by the description. According to the description, the time of activation is not compared with the identifiers (e.g. paras 3, 28, 34, 35, 55, 83 [embodiments 1, 12, 53]). Instead, the time of activation and the identifiers are compared with stored data. (Each of these claims refers to stored data, and two of them refer to a comparison with the stored data, but not one leading to any determination.) Thus, the wording in these claims renders them unclear. Claims 13 to 22, 24 to 33 and 35 to 52 ultimately incorporate this lack of clarity from at least one of these claims.
- [80] Independent claim 45 has wording that makes its scope unclear. It recites “A computer implemented method for conducting the stored value card transaction of [one of claims 1 to 22] wherein the stored value card transaction request further comprises transaction information for at least two stored value cards.” The preposition “a” does not limit the method to “the” method defined by any of claims 1 to 22, though. Thus, it is unclear what limitations are to be incorporated from these claims into claim 45 beyond the conducting of the stored value card transaction. As a result, claim 45 on file does not distinctly and explicitly define its subject matter, and is unclear. Dependent claims 46 to 51 ultimately inherit this lack of clarity as well.

- [81] In addition, claim 45 refers to preceding claims that further cause its dependent claims to be unclear. One subset of the preceding claims refers to “value differentiation” and the other subset refers to “value added award.” Claims 46 to 51 depend on claim 45; some of these claims refer to the value differentiation and some refer to the value added award. Accordingly, claims 46 to 51 lack an antecedent when claim 45 is read as referring to a certain one of the two subsets of preceding claims. This lack of an antecedent makes these claims unclear.
- [82] Dependent claim 52 has wording that further detracts from its clarity. It depends on multiple alternative claims and refers to “the value added award” and “the value differentiation” of those claims. Each of those claims refer to only one of these two expressions, though. Therefore, one of these two expressions in claim 52 always lacks an antecedent. This lack of antecedent further detracts from the clarity of claim 52.
- [83] Therefore, claims 3 to 54 on file are indefinite and contravene subsection 27(4) of the *Patent Act*.
- [84] I identified these clarity defects during my preliminary review or my reassessment of the application. I notified the Applicant of these defects in the preliminary review letter (pages 2, 12–13) or the supplemental letter (pages 20–22), according to subsection 86(9) of the *Patent Rules*. The Applicant submitted the second proposed claims in response to the preliminary review letter, but made no arguments concerning these defects in the claims on file.

THE DESCRIPTION INCORRECTLY REFERENCES THE DRAWINGS

- [85] Any references in the description to the drawings must be consistent. A reference character used for a particular feature must be the same throughout the application (*Patent Rules*, s 59(12)). A reference character used in the description must also appear in the drawings, and vice versa (*Patent Rules*, s 59(11)).
- [86] Paragraphs 73 to 78 erroneously refer to figure 5 and reference characters beginning with “5”, instead of figure 6 and reference characters beginning with

“6”. Therefore, these paragraphs contravene subsections 59(11) and 59(12) of the *Patent Rules*.

- [87] I identified this defect during my preliminary review of the application and notified the Applicant in the preliminary review letter (pages 2, 13), according to subsection 86(9) of the *Patent Rules*. The Applicant did not dispute it, and submitted the proposed description to correct it.

THE PROPOSED SPECIFICATION

- [88] The second proposed claims and the proposed description cannot be accepted as necessary amendments because they would not make the application allowable.
- [89] When a rejection is not withdrawn, the application can only be amended if the Commissioner notifies the Applicant that those amendments are needed to make it allowable (or if the amendment is ordered by the appropriate federal court) (*Patent Rules*, ss 86(11), 199(3), 200).
- [90] In my view, the second proposed claims and the proposed description do not remedy the patentability, obviousness and all of the indefiniteness defects.
- [91] Second proposed independent claims 1, 12, 23, 34 and 54 differ from those on file by broadening any references to the time of activation to time of the transaction request or transaction message. Second proposed independent claim 53 differs from the one on file by reciting “time of the activation request” instead of “time of activation,” and by adding “wherein the activation response comprises an activation of the stored value card with the value added award.” Second proposed independent claim 45 references half as many alternative claims as does claim 45 on file. Second proposed dependent claim 52 depends on half as many alternative claims as does claim 52 on file. Also, second proposed claim 52 has narrowed the possible types of allocations it lists to “value differentiation.”
- [92] Regarding patentability, the actual invention or “new knowledge” in the second proposed claims appears to remain the algorithm or set of rules for adding

certain value to the stored value cards in certain conditions. The computerized system involved still appears to be conventional. Merely processing such an algorithm on such a computer system in the claimed manner does not help it fulfil the physicality requirement of section 2. Nor does it avoid the prohibition of subsection 27(8).

- [93] Regarding obviousness, second proposed claims 1 to 44 and 54 are like those on file, only broader. Where the versions of these claims on file limited themselves to requests for card activation, the versions in the second proposed claims are limited only to requests for transactions in general. Accordingly, these second proposed claims are obvious for the same reasons as their versions on file. So are second proposed claims 45 and 52, which depend on these claims.
- [94] Second proposed claim 53 also would have been obvious despite being narrower than its version on file. It specifies that the activation response activates the card with the added award value, but such a step was known. For example, D5 discloses that a card holder may gain access to the additional value upon card activation (para 8).
- [95] Regarding indefiniteness, the second proposed claims do not remedy all the identified defects. Second proposed claims 3 to 11, 14 to 22, 25 to 33 and 36 to 52 still call for the activation request or message to include a redemption request. Second proposed claims 12 to 54 still base a determination on a comparison of the time of the transaction request with non-time-related variables, instead of a comparison of the received variables with relevant stored data. Second proposed claim 45 still identifies its method as “a” computer-related method from one of a number of preceding claims. Thus, these claims still contain logical inconsistencies or unclear wording.
- [96] One of the problems caused by the wording of claim 45 for its dependent claims has only been partially remedied by second proposed claim 45. The second proposed claim 45 now refers to claims 1 to 11 (instead of 1 to 22); these claims involve a “value differentiation.” Claims 49 to 51 depend on claim 45 but involve a

“value added award.” This term lacks an antecedent in these claims, making claims 49 to 51 unclear.

- [97] Second proposed claim 52 fails to remedy its defect, and introduces a new clarity defect. Second proposed claim 52 depends on one of claims 35 to 44, each of which involves a “value added award,” but itself refers to a “value differentiation;” this term lacks an antecedent. In addition, the proposed claim now includes the unclear wording “an value differentiation, or combinations thereof.”
- [98] The proposed description now properly refers to the drawings.
- [99] Since the second proposed claims and the proposed description do not remedy all the defects in the specification on file, they do not make the application allowable. It follows that they cannot be necessary amendments under subsection 86(11) of the *Patent Rules*.

THE BOARD RECOMMENDS REFUSAL OF THE APPLICATION

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

- claims 1 to 54 on file define subject matter outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*;
- claims 1 to 45 and 52 to 54 on file define obvious subject matter, contravening paragraph 28.3(b) of the *Patent Act*;
- claims 3 to 54 on file are indefinite, contravening subsection 27(4) of the *Patent Act*; and
- paragraphs 73 to 78 of the description on file incorrectly refer to the drawings, contravening subsections 59(11) and 59(12) of the *Patent Rules*.

Leigh Matheson

Member

THE COMMISSIONER REFUSES THE APPLICATION

[101] I agree with the Board's findings and its recommendation to refuse the application on the basis that:

- claims 1 to 54 on file define subject matter outside the definition of invention in section 2 of the *Patent Act* and prohibited by subsection 27(8) of the *Patent Act*;
- claims 1 to 45 and 52 to 54 on file define obvious subject matter, contravening paragraph 28.3(b) of the *Patent Act*;
- claims 3 to 54 on file are indefinite, contravening subsection 27(4) of the *Patent Act*; and
- paragraphs 73 to 78 of the description on file incorrectly refer to the drawings, contravening subsections 59(11) and 59(12) of the *Patent Rules*.

[102] I therefore refuse, under section 40 of the *Patent Act*, to grant a patent for this application. The Applicant has six months to appeal my decision to the Federal Court of Canada under section 41 of the *Patent Act*.

Konstantinos Georgaras

Commissioner of Patents

Dated at Gatineau, Quebec

this 16th day of December, 2024.

APPENDIX

Relevant provisions of the *Patent Act*

Definitions

2 ...

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.

...

Claims

27(4) 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.

What may not be patented

27(8) No patent shall be granted for any mere scientific principle or abstract theorem.

Invention must not be obvious

28.3 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.

Refusal by Commissioner

- 40 Whenever the Commissioner is satisfied that an applicant is not by law entitled to be granted a patent, he shall refuse the application and, by registered letter addressed to the applicant or his registered agent, notify the applicant of the refusal and of the ground or reason therefor.

Appeal to Federal Court

- 41 Every person who has failed to obtain a patent by reason of a refusal of the Commissioner to grant it may, at any time within six months after notice as provided for in section 40 has been mailed, appeal from the decision of the Commissioner to the Federal Court and that Court has exclusive jurisdiction to hear and determine the appeal.

Relevant provisions of the *Patent Rules*

Reference characters

- 59(11) A reference character not mentioned in the description must not appear in a drawing and vice versa.

Consistent use of reference characters

- 59(12) A reference character used for a particular feature must be the same throughout the abstract, the specification and the drawings.

Additional defects

- 86(9) If, during the review of a rejected application for a patent, the Commissioner has reasonable grounds to believe that the application does not comply with the Act or these Rules in respect of defects other than those indicated in the final action notice, the Commissioner must by notice inform the applicant of those defects and invite the applicant to submit arguments, not later than one month after the date of the notice, as to why the application does comply.

Notice requiring certain amendments

- 86(11) If, after review of a rejected application for a patent, the Commissioner has reasonable grounds to believe that the application does not comply with the Act or these Rules and certain amendments are necessary in order to make the application allowable, the Commissioner must by notice inform the applicant that those amendments must be made not later than three months after the date of the notice.

Rejection not withdrawn after final action

- 199(3) If an applicant of a category 3 application replies in good faith to a requisition made under subsection 30(4) of the former Rules on or before the date set out in subsection (4) of this section but the examiner, after that date, still has reasonable grounds to believe that the application does not comply with the Act or these Rules,
- (a) if a notice was not sent under paragraph 30(6)(a) of the former Rules, the Commissioner must by notice inform the applicant that the rejection has not been withdrawn;
 - (b) any amendments made to that application during the period beginning on the date of the final action notice and ending on the date set out in subsection (4) of this section are considered never to have been made; and
 - (c) the application must be reviewed by the Commissioner.

No amendment after rejection

- 200 If a category 3 application is rejected by an examiner under subsection 199(1) of these Rules or subsection 30(3) of the former Rules, the specification and the drawings contained in the application must not be amended after the date prescribed by subsection 199(4) of these Rules, unless
- (a) a notice is sent to the applicant informing them that the rejection is withdrawn;
 - (b) the amendments are those required in a notice sent under subsection 86(11) of these Rules or subsection 30(6.3) of the former Rules; or

- (c) the Supreme Court of Canada, the Federal Court of Appeal or the Federal Court orders the amendments to be made.

Relevant provision of the former *Patent Rules*: s 30(3)

This refers to the *Patent Rules* as they read immediately before October 30, 2019 (SOR/96-423).

- 30(3) Where an applicant has replied in good faith to a requisition referred to in subsection (2) within the time provided but the examiner has reasonable grounds to believe that the application still does not comply with the Act or these Rules in respect of one or more of the defects referred to in the requisition and that the applicant will not amend the application to comply with the Act and these Rules, the examiner may reject the application.