



AMAZON.COM: BUSINESS METHODS ARE PATENTABLE IN CANADA

JEAN-FRANÇOIS JOURNAULT ET ADAM MIZERA^{*}
ROBIC, LLP
LAWYERS, PATENT AND TRADE-MARKS AGENTS

On October 14, 2010, the Federal Court of Canada issued its decision in the Amazon.com case related to its online “one-click” technology. The Federal Court overturned a previous decision by the Commissioner of Patents confirming the analysis of the Patent Appeal Board reviewing the final rejection issued by the Examiner in charge, and stated that Amazon.com’s patent application constitutes statutory subject matter in accordance with the Patent Act.

This case will have important repercussions, especially with respect to the patentability of business methods in Canada. The Federal Court rejected the Commissioner’s position that business methods constituted non-statutory subject matter. The Commissioner’s initial opinion was based on her interpretation of Canadian and foreign case law. However, the Federal Court indicated that claims relating to business methods must be "assessed pursuant to the general categories in s. 2 of the Patent Act", and that creating a business method exception, as proposed by the Commissioner, constituted a “radical departure” from the current regime. According to the Court, such a departure should warrant parliamentary intervention.

In the decision under appeal, the Commissioner had presented new reasoning in order to assess the patentability of business methods. This reasoning included, among other things, a need to take into account the form and the substance of the claims, the "form" of the claim referring to the text defining the scope of the invention in a patent application and the "substance" of the claim referring to an understanding of the nature of the claimed invention and a determination of what has been added to human knowledge. The Commissioner also proposed that the invention should carry out a change in the nature or state of a material object and have a "technical" or "technological" character in order to receive patent protection.

In addition to the rejection of the exception related to the patentability of business methods, the Federal Court’s decision also overturns the above-cited conclusions made by the Commissioner. The Court stated that the interpretation of the scope of

© CIPS, 2010.

^{*} With ROBIC, LLP a multidisciplinary firm of Lawyers, and Patent and Trade-mark Agents. Published in the Fall 2010 Newsletter of the firm (Vol. 14, No. 3). Publication 068.124E.

ROBIC, LLP
1001 Square-Victoria - Bloc E - 8th floor
Montreal, Quebec, Canada H2Z 2B7
Tel.: 514 987-6242 Fax: 514 845-7874
www.robic.ca info@robic.com

claims in accordance with an analysis of the "form and substance" of the claims, which allowed the Commissioner to separate the claims into their novel and previously known elements in order to assess patentability, was not correct. This method of analysis deemed to be outdated by the Court, had been rejected by the Supreme Court in infringement matters because it resulted in uncertainties resulting from the subjective analysis of the substance of the claims. Although the Federal Court recognized that, in the present case, the Commissioner attempted to limit the analysis to the patentability of claims, it was of the opinion that a return to the "form and substance" analysis was not appropriate no matter what the context was.

The Court also mentioned that the definition of "art", as stated by the Commissioner, was too restrictive in that it required (1) a change in the nature or state of a physical object and (2) that it addressed knowledge that was scientific or technological in nature. The Federal Court reiterated the test defined in the [Progressive Games, Inc. v. Canada \(Commissioner of Patents\)](http://decisions.fct-cf.gc.ca/en/1999/t-439-98_5918/t-439-98.html) [http://decisions.fct-cf.gc.ca/en/1999/t-439-98_5918/t-439-98.html] (upheld in appeal) confirmed decision which is formulated as follows:

- i) it must not be a disembodied idea but have a method of practical application;
- ii) it must be a new and inventive method of applying skill and knowledge; and
- iii) it must have a commercially useful result.

The Court also indicated that the practical application requirement must "take into account a wider definition of physical, "change in character or condition" or the concrete embodiment of an idea".

Additionally, the Court indicated that the new requirement introduced by the Commissioner, asking that an invention be "technical" or "technological" in nature, in order to constitute patentable subject matter, was not supported by Canadian case law. The Commissioner did not have the power to institute such a requirement.

After establishing these principles, the Court proceeded with a new analysis of the pending claims. The Court concluded that the system claims were related to a patentable machine (a computer) used to implement an online "one click" ordering process.

Regarding the process claims, the Court stated that the claimed process used stored information and software "cookies" in order to allow clients to order articles in one click and that the new knowledge added was not simply a scheme, a plan or a disembodied idea. In the Court's own words, the invention is related to a "practical application of the one-click concept, put into action through the use of cookies, computers, the internet and the customer's own action".

It remains to be seen whether the Commissioner will appeal this decision to the Federal Court of Appeal. It will also be interesting to see what will happen to the chapters of the Manual of Patent Office Practice that were modified in view of the Commissioner's initial opinion, including [Chapter 16](#)

ROBIC, LLP

1001 Square-Victoria - Bloc E - 8th floor

Montreal, Quebec, Canada H2Z 2B7

Tel.: 514 987-6242 Fax: 514 845-7874

www.robic.ca info@robic.com

[http://www.opic.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00030.html#oct1_2] on Computer-Implemented Inventions. The revised chapter which used extensively the “form and substance” approach and the “technical” or “technological” character analysis was published in early October 2010. This approach, that has been now overturned by the Federal Court, has already been used by Canadian examiners in office actions issued in the last few months.

The decision is available [here](http://www.canlii.org/en/ca/fct/doc/2010/2010fc1011/2010fc1011.html) [<http://www.canlii.org/en/ca/fct/doc/2010/2010fc1011/2010fc1011.html>].

ROBIC + LAW
+ BUSINESS
+ SCIENCE
+ ART

