ONE-CLICK? NOT SO FAST – AMAZON.COM GOES BACK TO THE PATENT OFFICE

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The Federal Court of Appeal has just rendered its decision [1] concerning Amazon.com's "one-click" online ordering technology. This decision comes just months after the Patent Office issued its practice notice in response to the Federal Court's ruling, a little over one year ago.

This decision will undoubtedly leave many unsatisfied, as the Court referred the case back to the Commissioner for review in accordance with the principles established in the decision. Thus, although the court is generally in agreement with the analysis performed by Judge Phelan last year, in this case, it has ruled that the lack of expert evidence did not permit it to make an informed interpretation of the claims (referred to as "claim construction").

Among the more interesting points of this ruling, the Federal Court of Appeal has confirmed that Canadian case law did not expressly exclude business methods as patentable subject matter in Canada, and also objected to the requirement, originally formulated by the Commissioner at the time, that the invention be "scientific" or "technological" in nature to be considered a patentable art. The rejection of the "form and substance" approach for determining the patentability of claimed subject matter was also confirmed.

In addition, the Federal Court of Appeal also supported the Federal Court's use of the test [2] set out in the Progressive Games [3] case, for the determination of what constitutes a patentable "art".

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[1] 2011 FCA 328, http://decisions.fca-caf.gc.ca/en/2011/2011fca328/2011fca328.html (FCA; 2011-11-12)
[2] For an art to be patentable:
(i) it must not be a disembodied idea but must 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
[3] Progressive Games Inc. v. Canada (Commissioner of Patents), 177 F.T.R. 241 (F.C.T.D.), aff'd (2000), 9 C.P.R. (4th) 479 (F.C.A.)

The main areas where the Federal Court of Appeal disagrees with the trial judge concern, on the one hand, the distinction to be made between patentable and unpatentable business methods in Canada, and on the other, the definition of what constitutes a "change of character or condition of a physical object" in the context of the practical application criterion in the above-mentioned test.

The Federal Court of Appeal disavows the interpretation given by the Federal Court to the effect that a business method, which in itself is an abstract idea, can become patentable simply because it has a practical application. To support this argument, the Federal Court of Appeal points out that in light of the Schlumberger[4] decision, the mere fact of using a computer to perform a mathematical formula in order to give it a practical application would not render the method patentable. The Federal Court of Appeal, however, refused to comment as to whether Amazon's "one-click" technology is simply an algorithm or not.

Furthermore, the Federal Court of Appeal states that insofar as the Federal Court implies that the requirement of "change of character or condition of a physical object" may be satisfied by the fact that the claimed invention has a practical application, this interpretation must be rejected. However, the Federal Court of Appeal shows a willingness to see its understanding of the physicality requirement evolve with advances in knowledge.

In light of these teachings, the Federal Court of Appeal ultimately concluded that the patentability of the pending claims of this application depend on the claim construction, and that in this case, expert evidence is required to properly understand the manner in which computers are used to put an abstract idea to use.

The decision of the Federal Court of Appeal thus provides some clarification on the criteria for determining whether a software-related innovation should be considered as patentable in Canada. However, the refusal of the Court to rule on the interpretation to be given to the currently pending claims for the "one-click" method and system still leaves room for doubt on the boundaries defining patentable subject matter of innovations in the technological arts.

The parties have 60 days after the date of the judgment of November 24, 2011, if they wish to file a petition for leave to appeal this decision to the Supreme Court of Canada.

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[4] Schlumberger Canada Ltd. v. Canada (Commissioner of Patents), (1981) 56 C.P.R. (2d) 204 (F.C.A.) ; leave to appeal refused (1982) 63 C.P.R. (2d) 261 (S.C.C.)

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