



## CIPO Allows Amazon.com 1-Click Patent

by Michael Ladanyi

On December 23, 2011, the Canadian Intellectual Property Office (CIPO) issued a Notice of Allowance for Amazon.com's Canadian Patent Application No. 2,246,933 (filed September 1998) – the "1-Click" online purchasing process – while leaving some uncertainty as to how business method patents will be handled both by CIPO and the courts going forward.

The Commissioner of Patents initially refused to grant the patent on March 3, 2009, following a hearing before the Patent Appeal Board (see "*CIPO Rejecting Business Method Patents*", November 2009). The Commissioner's refusal was appealed to the Federal Court, which rejected the Commissioner's "form and substance" analysis, and the Commissioner's requirements that patentable subject matter must be technological and not a business method (see "*Federal Court of Canada Grants Amazon.com's Appeal for 1-Click Business Method Patent Application*", October 2010). The Federal Court's ruling was appealed to the Federal Court of Appeal. Without ordering the Commissioner to issue the patent, in its November 24, 2011 ruling the Federal Court of Appeal directed the Commissioner of Patents to re-examine Amazon.com's claims on an expedited basis (see "*Federal Court of Appeal Overturns Commissioner on Amazon.com's 1-Click: Business Methods Not Excluded From Patentability*", November 2011). As no issues of novelty and non-obviousness remained to be addressed, CIPO was left with the sole task of determining whether Amazon.com's business method was an essential element of a valid patent claim.

To assist with this determination, the Federal Court of Appeal provided guidance to CIPO. Namely, for a business method claim to be patentable, the claim must be distinguished from the claims ruled to be unpatentable in *Schlumberger Canada Ltd. v. Canada (Commissioner of Patents)*, [1982] 1 F.C. 845 (C.A.). Accordingly, there must be something more than merely implementing a novel mathematical formula in a computer. CIPO appears to have found that "something more" in Amazon.com's patent claims, which generally defined a client system storing a client identifier received from a server system to be used to identify a user to the server system upon the user performing a single action at the client system to order a displayed item. The single action prompts the client system to send to the server system a request to order the item together with the client identifier.

CIPO does not provide reasons when issuing a Notice of Allowance, and no practice notice has yet been published setting out the approach to be used by patent examiners subsequent the Federal Court of Appeal ruling. It is expected that CIPO will revise its patent examination guidelines published on August 1, 2011, as these guidelines closely mirrored the Commissioner's arguments that were rejected by the Federal Court of Appeal.



As the Supreme Court now appears unlikely to review the Federal Court of Appeal decision, some ambiguities remain. First, although the Federal Court of Appeal said that business methods may be patentable, there is no accepted definition of the term “business method” in Canadian patent legislation or jurisprudence. As a result, it may be possible to construe a wide range of claims as business methods, including many directed to computer hardware and software.

Second, the Federal Court of Appeal indicated that Amazon.com’s claims contained a business method that was an abstract idea, but may nevertheless be patentable. Since the claims are now allowed, practitioners are left to determine what about Amazon.com’s claims is abstract, and how to reconcile that determination with s. 27(8) of the *Patent Act* which states that no patent shall be granted for an abstract theorem.

Finally, neither CIPO nor the Federal Court of Appeal provided a clear analytical framework to determine whether a business method claim contains patentable subject matter. Claims found to include a business method are often characterized as an art, therefore the test set out in *Shell Oil Co. of Canada v. Canada (Commissioner of Patents)*, [1982] 2 S.C.R. 536, and *Progressive Games, Inc. v. Canada (Commissioner of Patents)*, 177 F.T.R. 241 (T.D.) at para. 16, aff’d (2000), 9 C.P.R. (4th) 479 (F.C.A.), for determining whether an art is patentable subject matter may be used to determine the patentability of a business method.

According to that test, a patentable art (i) must not be a disembodied idea but have a method of practical application; (ii) must be a new and inventive method of applying skill and knowledge; and (iii) must have a commercially useful result. As the Amazon.com case has come to an unexpectedly sudden resolution, we must wait for more patents to work their way through the system to better understand when a business method may satisfy this test.

While the granting of Amazon.com’s patent may be viewed positively by both Amazon.com and patent practitioners, Canada continues to lack a definitive judicial ruling on the patentability of business methods resulting in a lack of certainty in determining the patentability of “business method” claims. Nevertheless, that such a high profile business method was patented is good news for prospective patent filers looking to protect new inventions and invest in Canada.

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