



Amazon.com™ 1-Click – Reshaping the Software Patent Landscape in Canada

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The Amazon.com 1-Click patent application describes purchasing items over the Internet using a single-action by transmitting a client identifier associated with information about a buyer.[1] This application has been a rallying point in the debate over the patentability of software patents,[2] with Amazon.com, Inc. suing rival Barnes&Noble.com in 1999 (ultimately resulting in a settlement in 2002), and an ex parte reexamination has been ongoing since 2006.[3]

This new decision by the Patent Appeal Board has the potential to reshape the landscape of patentable subject matter in Canada.[4] The Board found that all claims were inventive (e.g. not obvious) but rejected all claims as being unpatentable since they were not directed to statutory subject matter.[5]

The Board first addressed obviousness using the test established in *Beloit*,[6] concluding that the prior art did not disclose performing a single action to instantly order an item, and that the invention was not obvious because the skilled technician would not have been led “directly and without difficulty” to the claimed invention. It then went on to confirm that the claims were not obvious using the four-step approach set out by the Supreme Court of Canada in the recent *Sanofi* decision.[7]

The Board then considered the issue of subject matter, stating that it was necessary to consider both the form of the claims (e.g. whether each claim on its face appears to define statutory subject matter) and their substance (e.g. what has been discovered or added to human knowledge) to determine whether they fall into one of the defined statutory categories. A claimed invention cannot be considered as statutory if the feature or group of features that make it new and unobvious fall into excluded subject matter. Furthermore, in order for an art or process to be patentable, it must “cause a change in the character or condition of some physical object”.[8]

The Board also stated matter-of-factly that business methods are not patentable, citing the dissenting judgment of Justice Arbour in *Monsanto v. Schmeiser*,[9] and several UK and US cases (including the recent *Bilski* decision[10]) in support of this position. The Board also held that any non-technological subject matter should be rejected as being non-statutory, since each of the five statutory categories of invention inherently relate to technological subject matter.

After reviewing the 1-Click application, both the method and system claims were held to be rules for carrying out an online order, and were therefore determined to be non-statutory since there was no change

in the character or condition of any physical object. The Board went further, stating that the claimed invention was nothing more than a method of doing business, and was also not technological, and for these additional reasons was not patentable.

This case appears to raise the threshold for obtaining software and business method patents in Canada. First, claim form is not determinative, and the substance of each claim will be reviewed to determine what has been added to human knowledge. Where that addition is directed to non-statutory subject matter, the claim will be rejected. In particular, the Board made it clear that simply adding hardware elements of a “general purpose” computer would not automatically make a system claim patentable. The Board also unequivocally rejected the patentability of business methods, which is a clear shift from prior Patent Office practice under which business methods were not automatically excluded.[11]

Only time will tell whether the Amazon.com 1-Click decision accurately represents the new landscape of software and business method patents in Canada. For example, draft revisions to the Manual of Patent Office Practice[12] were recently released for discussion, and many of the proposed changes for dealing with patentable subject matter use similar reasoning to that applied by the Board in the Amazon.com 1-Click decision. Amazon.com, Inc. has until September of 2009 to appeal the Board’s decision to the Federal Court. Meanwhile, the U.S. Supreme Court has just granted certiorari and will hear the Bilski appeal later this year.[13]

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[1] Canadian patent application no. 2,246,933, filed September 11, 1998 by Amazon.com, Inc.

[2] The US application issued as US Patent No. 5,960,411.

[3] Reexamination No. 90/007,946

[4] Decision #1290, Re Application No. 2,246,933, (March 5, 2009) online at: <http://patents.ic.gc.ca/opic-cipo/comdec/eng/decision/1290/image.html>

[5] e.g. an art, process, machine, manufacture and composition of matter, see section 2 of the Patent Act, R.S.C. 1985, c. P-4.

[6] *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 (F.C.A.).

[7] *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 69 C.P.R. (4th) 251, 2008 SCC 61.

[8] See *Lawson v. Commissioner of Patents* (1970), 62 C.P.R. 101 (Ex. Ct.).

[9] *Monsanto Canada Inc. v. Schmeiser*, [2004] 1 S.C.R., 2004 SCC 34.

[10] *In re Bilski* (2008), 88 USPQ2d 1385 (CAFC).

[11] See Manual of Patent Office Practice, Chapter 12.04.04 (Rev. February 2005), online at: <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00723.html#no12.04.04>

[12] <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00758.html>

[13] See *Bilski v. Doll* (2009), order available online at: <http://www.supremecourtus.gov/orders/courtorders/060109zor.pdf>