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Canadian Patent Appeal Board Rejects Amazon's "One-Click" Business Method Patent

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The Canadian Patent Appeal Board recently rejected Amazon.com, Inc.'s patent application for a "one-click" online shopping feature.¹ The Amazon application relates to the placement of an online order that allows purchasers to buy a product from an Internet website with a single click. The corresponding U.S. patent was issued in 1999,² but the Canadian application has been pending since 1998. After being rejected in 2004 by the examiner at the Canadian Intellectual Property Office (CIPO), Amazon appealed to the Patent Appeal Board.

In its decision, the Board found that Amazon's one-click innovation met the substantive requirements of being new and non-obvious. However, the Board viewed the innovation as not patentable because it did not fit into any category of invention that the Board accepted as being defined by the *Patent Act*. In the Board's view, to qualify as patentable subject matter, the patent claims must define a "technological" advance that is either a physical object or an act or a series of acts performed by "some physical agent upon some physical object and producing in such object some change either of character or of condition."

The Board analyzed the "substance of the invention," focusing on that which "has been added to human knowledge by the claimed invention." From this analysis, the Board concluded that the substance of the invention defined in the Amazon application was a set of rules for carrying out online orders. These rules were not technological, but instead related to business decisions with business implications. The Board accepted that technology may have been used to implement the Amazon ordering system (such as the use of a software cookie with the online ordering system) or that a technical effect may result (such as reduced processing time by the ordering system). However, the Board did not find these technological aspects to be the substance of invention, and hence rejected the Amazon application.³

The Board also issued a strong statement against the patentability of so-called business method patents in Canada. Citing a dissenting Supreme Court of Canada opinion as

¹ *Re Patent Application No. 2,246,933* (March 5, 2009), Patent Appeal Board and the Commissioner of Patents Decision.

² U.S. Patent No. 5,960,411, which is currently also under ex parte re-examination proceedings before the U.S. Patent and Trademark Office under re-examination application no. 90/007,946.

³ The Board rejected the system (or machine) claims, in addition to the method claims of the Amazon application, stating that the form of the claims should not affect the substance of the invention or its patentability.

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support,⁴ the Board declared that "business systems and methods" was one of the categories of subject matter that the *Patent Act* excluded from patentability. The Board also found support for this proposition from reviewing recent court decisions in the United States and the United Kingdom that limited business method patents.⁵ This declaration of the Board against business method patents directly contradicts the administrative position set out in the 2005 revisions to the *CIPO Manual of Patent Office Practice*. In the manual, CIPO indicated that it did not view the *Patent Act* or the jurisprudence as imposing a categorical exception to patentability of business methods.⁶

It is also of interest that this Board's views against business method patents may be inconsistent with some earlier Board decisions that urged examiners to consider the substantive merits of a patent application in view of novelty and non-obviousness, rather than issuing pro forma rejections merely because an application may be related to business methods.⁷ The Board expressly discussed the issue of potential inconsistency, stating that it was aware that there may have been instances of patents issued for business methods, but "if ... that practice was inconsistent with a proper interpretation of the *Patent Act*, then it must be corrected."

A Patent Appeal Board decision is binding only with respect to the patent application in question; so this Board decision in the Amazon application does not necessarily bind all examiners of CIPO or future Board reviews. Amazon is also able to appeal this Board's decision to the courts.

It will take a further decision from the courts to shed greater clarity on the patentability of business methods in Canada. Nonetheless, this Board decision against the one-click Amazon application may be viewed as a potential shift in the administrative position of CIPO against the patentability of business methods. This decision may also offer a preview of the next revision to the *Manual of Patent Office Practice* regarding the issue of patentable subject matter, which is expected to be released to the public this spring. **1**

⁴ *Monsanto Canada Inc. v. Schmeiser*, 2004 SCC 34, Arbour J. at para. 133.

⁵ See *In re Bilski* (2008), 88 USPQ2d 1385 (CAFC), and *CFPH LLC*, [2005] EWHC 1589.

⁶ See 12.04.04 of the *Manual of Patent Office Practice* (Rev. February 2005).

⁷ See, e.g., *Re Patent Application No. 2,119,921* (January 25, 2007), Patent Appeal Board and the Commissioner of Patents Decision.