

CASE STUDY: COMPETITIVE ADVANTAGE OF IP

PATENTS CAN PROTECT “BUSINESS METHODS”

In many countries, including Canada and the US, patents for “business methods” can be obtained.

A “business method” is just that, a way of carrying on business such as:

- ways of managing client accounts
- ways of facilitating electronic payments
- ways of validating regulatory compliance
- and many others!

Many business methods are now computer-implemented.



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AMAZON'S 1-CLICK ORDERING

Amazon famously patented “1-Click” ordering, which allowed users to store payment information to avoid logging in for every purchase

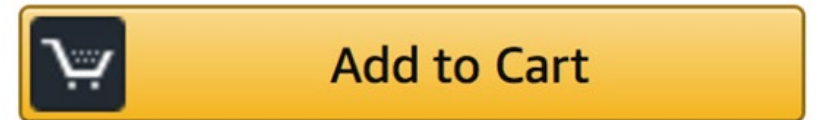
Initially rejected in Canada, a Federal Court of Appeal case examined the Canadian application

- concluded that the method had a **physical effect** and therefore couldn't be automatically dismissed as “abstract”

CIPO re-examined the application, and granted the patent

The Amazon patents in Canada and the US were highly profitable

- **licensed** to Apple, among others



or 1-Click Checkout



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CANADIAN PATENT FOR AMAZON'S 1-CLICK PATENT

The Canadian patent (CA 2246933, now expired) claimed:

A method in a client system for ordering an item, the method comprising: ... **persistently storing the client identifier at the client system**; ... sending to the server system a request to order the identified item along with the client identifier, the client identifier **identifying account information previously supplied** by a user of the client system **wherein the user does not need to log in** to the server system when ordering the item...

Any other party performing the above method in Canada without a license would be **infringing** this patent!



or 1-Click Checkout



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1-CLICK VS EXPRESS LANE

The rival bookstore Barnes&Noble also offered an ordering option called “Express Lane” that allowed a user to make a purchase with one mouse click.

Amazon sued Barnes&Noble for infringement and the courts ordered Barnes&Noble to remove Express Lane from its website.

Barnes&Noble changed its ordering system to a minimum **two-click** system.

Even unconventional inventions might be protectable with patents!

Don't dismiss business methods automatically, but be aware of the legal jurisdiction.

