

Patents on Methods of doing Business ("Business Methods")

By Diane Bellavance

On July 1998, the United States Court of Appeals ruled in the case of *State Street Bank and Trust Company v. Signature Financial Group Inc.* that a "Business method" is patentable, as long as it is novel, non-obvious and useful. Prior to this decision, "Business methods" were not considered patentable, they were viewed merely as abstract ideas.

Signature Financial Group Inc. obtained a patent for its "Hub and Spoke® Data Processing System". The Hub and Spoke structure permits multiple mutual funds to form a partnership with each individual fund investing its assets in a common portfolio. This structure creates certain tax benefits, reduces administrative expenses and results in greater efficiency in portfolio management operations. The *State Street* decision on patents involving methods of doing business is having a significant impact on the business community and most important on the Internet. Many companies are running to the UNITED STATES PATENT AND TRADEMARK OFFICE with Internet-related programs. This situation in Canada is not yet clear on this issue.

Examples of such companies include:

- Amazon.com Inc.;
- Netscape Communications Corporation;
- PriceLine.com.

Although these patents may be difficult to uphold, not filing patent applications in such cases may expose companies to patent infringement claims by owners of registered patents.

In the past, most of the Internet firms have concentrated their efforts on good merchandising and a valuable trademark registration. However, the monopoly conferred by a patent considerably increases the value of such companies. Proper intellectual property protection strategy should include examining the opportunity and the risks of filing a patent application and in light of competitors' strategy. Maintaining your invention as trade-secrets may not be the proper strategy anymore.

In Canada and USA, the patent application must be filed within 12 months of the invention being "on sale" or disclosed and must comply with the criterias of the patent legislation.

If you have any question regarding this matter, please contact Mrs Diane Bellavance of the law firm Lavery, de Billy, at (514) 877-2907 or at the following e-mail: dbellava@lavery.qc.ca.

Visit our web site at:
www.laverydebilly.com.



Diane Bellavance has been a member of the Bar of Québec since 1988 and specializes in Intellectual Property and Entertainment Law

You can contact any of the following members of the Intellectual Property and Entertainment Law group in relation with this bulletin.

At our Montréal Office

Diane Bellavance
Patrick Buchholz
David Eramian
Lisa Miller
Johanne L. Rémillard
Ian Rose
Martine Tremblay

At our Québec City Office

Martin J. Edwards
Laurier Gauthier
Simon Lemay
Louis Rochette
Jean-Pierre Roy
Kim Thomassin
François Vallières

At our Laval Office

André B. Gobeille

Montréal

Suite 4000
1 Place Ville Marie
Montréal, Québec
H3B 4M4

Telephone:
(514) 871-1522
Fax:
(514) 871-8977

Québec City

Suite 500
925 chemin Saint-Louis
Québec, Québec
G1S 1C1

Telephone:
(418) 688-5000
Fax:
(418) 688-3458

Laval

Suite 500
3080 boul. Le Carrefour
Laval, Québec
H7T 2R5

Telephone:
(450) 978-8100
Fax:
(450) 978-8111

Ottawa

Suite 1810
360 Albert Street
Ottawa, Ontario
K1R 7X7

Telephone:
(613) 594-4936
Fax:
(613) 594-8783

Associated Firm

Blake, Cassels &
Graydon LLP
Toronto
Calgary
Vancouver
London (England)
Beijing

Web Site

www.laverydebilly.com

All rights of reproduction reserved. This bulletin provides our clients with general comments on recent legal developments. The texts are not legal opinions. Readers should not act solely on the information contained herein.

