

# Amazon jungle

## The “One-Click” Patent and its reexamination

**Bruce Lehman and Ned Barlas of Akin Gump Strauss Hauer & Feld clear a path through the complicated world of software and business method patents**

### THE CASE

- Peter Calveley v Amazon
- United States Patent and Trademark Office reexamination request
- First filed on May 12, 2006

### AUTHORS

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Nearly three decades ago the U.S. Supreme Court, in *Diamond v. Diehr*, 450 U.S. 175 (1981), held that computer programs are patentable subject matter. Yet, the meaning and scope of that decision remain unclear and controversial to this day. The decision of the Court of Appeals for the Federal Circuit in *State Street Bank & Trust v. Signature Financial Corp.*, 149 F.3d 1368 (Fed. Cir. 1998) intensified the controversy by putting an end to the so-called business method exception. The constant evolution of the technology of computer software, and the rapid changes in judicial interpretations of the subject matter eligible for patent protection, have placed a strain on the Patent Office in examining patent applications that deal with new ways to utilize computers and software, particularly in the context of the Internet.

The decision by Congress in recent years to expand the rights of third parties to use the reexamination process to bring unconsidered prior art to the attention of the United States Patent and Trademark Office (“USPTO”) is one way of helping the USPTO to deal with challenges of this changing technological and legal environment. An example of the role of third party reexamination requests in refining the results the original *ex parte* examination can be seen in the controversial matter of Amazon.com’s “One-Click” patent.

On September 28, 1999, the USPTO

granted to Amazon.com, Inc. U.S. Patent No. 5,960,411 for “Method and System for Placing a Purchase Order Via a Communications Network”. This patent, famously known as the “One-Click Patent”, describes a method and system for ordering items over the Internet using a “single action”, such as the click of the mouse. Implementation of the claimed inventions obviates the need to make online purchases through a conventional model, whereby items to be purchased are first placed in a virtual shopping cart and the order placed through a series of steps at “check out”.

Claims 1 and 11 of the patent recite the elements of the one-click method. Claim 1 states:

*A method of placing an order for an item comprising: under control of a client system, displaying information identifying the item; and in response to only a single action being performed, sending a request to order the item along with an identifier of a purchaser of the item to a server system; under control of a single-action ordering component of the server system, receiving the request; retrieving additional information previously stored for the purchaser identified by the identifier in the received request; and generating an order to purchase the requested item for the purchaser identified by the identifier in the received request using the retrieved additional information; and fulfilling the generated order to complete purchase of the item whereby the item is ordered without using a shopping cart ordering model.*

Claim 11 states:

*A method for ordering an item using a client system, the method comprising: displaying information identifying the item and displaying an indication of a single action that is to be performed to order the identified item; and in response to only the indicated single action being performed, sending to a server system a request to order the identified item whereby the item is ordered independently of a shopping cart model and the order is fulfilled to complete a purchase of the item.*

Less than a month after the One-Click Patent was issued, Amazon.com sued Barnesandnoble.com, Inc. (“BN”) for patent infringement, alleging that BN’s “Express Lane” feature of its website infringed the One-Click Patent, and moved for a preliminary injunction. BN denied Amazon.com’s allegations and counterclaimed that the One-Click Patent was invalid. In December 1999, the United States District Court for the Western District of Washington granted Amazon.com’s motion for a preliminary injunction.<sup>1</sup> On appeal, the United States Court of Appeals for the Federal Circuit vacated the district court’s order and remanded the case for further proceedings.<sup>2</sup> The parties subsequently settled the dispute on undisclosed terms.

### Reexamination

The validity of the One-Click Patent remained unchallenged until February 2006, when New Zealand resident, Peter Calvey, filed an *ex parte* request for reexamination of the One-Click Patent with the USPTO. Calvey, a performance artist and avid blogger, filed the request in retaliation for what he described as “annoyingly slow book delivery” for an order he placed on Amazon.com’s web site.<sup>3</sup> Calvey solicited his blog readers for donations to help defray the \$2,520 reexamination filing fee, to which they obliged, and asked them to provide evidence of any prior art of which they may be aware.

The USPTO granted Calvey’s request for reexamination on May 12, 2006, ordering that all 26 of the One-Click Patent’s claims be reexamined. On October 9, 2007, the USPTO issued an Office Action rejecting two of the independent claims (claims 1 and 11) and 19 of the dependent claims on the grounds of anticipation by prior art and obviousness. The patent examiner confirmed as patentable five of the original patent claims.

In his analysis, the patent examiner concluded that ordering items over the Internet through a single action, such as a mouse click, were anticipated by the prior

art. Nevertheless, he stated that claims 1 and 11 would be considered patentable if they were amended to include a shopping cart model as an element of the claim.

On November 29, 2007, Amazon.com responded to the Office Action with proposed amendments to claims 1 and 11. Amazon.com’s proposed amendment to claim 11 reads:

*A method for ordering an item using a client system, the method comprising: displaying information identifying the item purchasable through a shopping cart model and displaying an indication of a single action that is to be performed to order the identified item; and in response to only the indicated single action being performed, sending to a server system a request to order the identified item whereby the item is ordered independently of [a] the shopping cart model and the order is fulfilled to complete a purchase of the item.*

Amazon.com’s proposed amendments to claim 1 are identical to those set forth in amended claim 11. If the patent examiner allows amended claims 1 and 11, then it is likely that he will allow the remaining 19 rejected claims, all of which are dependent on claims 1 and 11. As of the writing of this article, the patent examiner has not yet ruled on Amazon.com’s proposed amendments.

Amazon.com’s One-Click Patent is a prime example of controversial patents that are often held up to ridicule in the popular press as mistakes of the USPTO. Indeed, the dismay expressed by many in the software and Internet business communities, and the attendant publicity about this patent, may have been reasons for which Peter Calvey chose to initiate his third party reexamination. However, the apparent outcome of the reexamination illustrates the problem with patents that – according to the popular press – should never have been granted. In fact, in most cases the USPTO’s original examination decisions are not far off the mark.

Calvey’s reexamination request did not, in fact, result in a revocation of the patent. Rather, it resulted simply in the narrowing of the claims. After all the public furor, the One-Click patent remains valid as long as it is limited to a “shopping cart model”. That Amazon.com agreed to limit the scope of its claims in response to the examiner’s rejection demonstrates the wisdom of Congress in recent years in strengthening the right of third parties to submit prior art to the Patent Office that had not been previously considered.

Given the time pressures on examiners and the difficulty of prior art searches in a new and evolving technology, third party

reexamination helps the USPTO to compensate for the shortcomings of a purely *ex parte* examination process.

The history of the Amazon.com One-Click patent reminds one of the authors of this comment of his own experiences in dealing with another controversial software patent, U.S. Patent No. 5,241,671, issued to Compton’s Multimedia early in the digital age in 1993. Shortly after taking office as Commissioner of the USPTO he faced a public furor over the issuance of this patent, which covered a wide swath of multimedia applications combining computer sound, video and data on a computer disk. *The New York Times* quoted one prominent practitioner as stating that, “it’s unprecedented the amount of outrage it [the patent] has generated.”<sup>4</sup> That same *Times* article noted that “many in the industry contend” that there were disqualifying commercial products on sale prior to Compton’s 1989 filing.

In 1993 the ability of third parties to initiate effectively reexaminations was more limited than today. As a result the author initiated a Commissioner ordered reexamination that would consider the prior art that many had claimed had been overlooked. This reexamination resulted in revocation of the patent. However, the patent was subsequently upheld in two court reviews, once in 1999 and later in 2001 when the Court of Appeals for the Federal Circuit held 10 of the original claims allowable. Continuing applications based on the original patent have continued to be filed as late as 2006. In the case of the Compton’s multimedia patent, the result in the end was a refined patent not a revoked patent. Both the Amazon.com and Compton’s Multimedia cases demonstrate that controversial software and business method patents that may seem by the public at large to have been clear mistakes, in fact have been based upon viable legal foundations. The reexamination process provides a method of determining whether that public perception is justified – and refining the scope of the issued patent to more accurately reflect the prior art record than an *ex parte* examination alone can accomplish. ☺

### Notes

1. *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 73 F.Supp.2d 1228 (W.D. Wash. 1999).
2. *Amazon.com, Inc. v. Barnesandnoble.com, Inc.* 239 F.3d 1342 (Fed. Cir. 2001).
3. See Peter Calvey’s November 13, 2005 blog entry at [http://igdmldg.blogspot.com/2005\\_11\\_01\\_archive.html](http://igdmldg.blogspot.com/2005_11_01_archive.html).
4. Markoff, J., “Patent Office to Review a Controversial Award”, *New York Times*, December 17, 1993.