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Much anticipated FCA decision in Benjamin Moore removes prescriptive test ordered by FC

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Background

The Federal Court of Appeal (the FCA) released its decision in *Canada (Attorney General) v. Benjamin Moore & Co*. on July 26, 2023 (the Decision). The Attorney General (the AG) appealed a decision of the Federal Court (the FC) that remitted a patentability matter to the Commissioner of Patents (the Commissioner) for a new determination in accordance with instructions provided by the FC in its Judgment (the Judgment). The Commissioner had refused (the CIPO Decision) to issue patents to Benjamin Moore & Co. (Moore) from applications that claimed colour selection systems on the basis of a problem-solution approach. Before the FC, the parties agreed that the Commissioner had erred, and the AG had agreed that the CIPO Decision should be set aside and remitted to the Commissioner for reconsideration. The dispute to be determined by the FC was whether the FC should remit with instructions and, if so, what the instructions should be. The Court also found that the Commissioner had erred by assessing novelty while determining the essential elements of the claims contrary to case law that requires claim construction to precede the novelty analysis.

The Intellectual Property Institute of Canada (IPIC) had intervened before the FC. In its submissions, IPIC proposed a revised framework to be followed by the Commissioner in assessing the patentability of computer-implemented inventions once the claims have been purposively construed. The FC, in granting the appeals and remitting to the Commissioner, included specific instructions in accordance with the proposal made by IPIC in its Judgment:

> “3. In her assessment of the 130 and 146 Applications, the Commissioner of Patents is instructed to:
>
> > a. Purposively construe the claim;
> >
> > b. Ask whether the construed claim as a whole consists of only a mere scientific principle or abstract theorem, or whether it comprises a practical application that employs a scientific principle or abstract theorem; and

c. If the construed claim comprises a practical application, assess the construed claim for the remaining patentability criteria: statutory categories and judicial exclusions, as well as novelty, obviousness, and utility."(para. 8)

Outcome of the appeal

On appeal to the FCA, the focus was on this test set out by the FC. The FCA found that the FC erred, including in respect of the test set out at paragraph 3 of its Judgment. The FCA deleted paragraph 3 of the Judgment and directed the Commissioner re-examine the applications on an expedited basis in light of most current version of the Manual of Patent Office Practice (MOPOP) with the benefit of the Decision.

Issue to be determined by the FCA

The FCA considered that the issue to be answered on the appeal was whether the FC erred in setting out the test at paragraph 3 of its Judgment. (para. 24) For the purposes of the Decision, the FCA assumed that the FC had the discretionary power to provide specific instructions to the Commissioner as to how the Commissioner should carry out the examination of patent applications involving computer-implemented inventions, and the question it should determine is whether the FC erred in exercising this discretion. The FCA held this question to be reviewable on the standard of a palpable and overriding error unless the FC made an extricable error of principle, which would be reviewable on the standard of correctness. (para. 27)

General observations made by the FCA

The FCA noted that the remedies sought by Moore changed over the course of the appeal. However, at the end of the hearing, Moore only sought an order for reconsideration.

At the hearing, Moore "endorsed" the test proposed by IPIC. (para. 31-33) The AG argued that the Notice of Appeal did not include a request for the adoption of an alternative framework. (para. 32) The FCA concluded that generally, unless a remedy is sought in the Notice of Appeal, it should not be considered.

The FCA also noted that there is no specific provision in the *Federal Courts Act* that grants the FC the power to issue general instruction in the context of a statutory appeal. Rule 64 refers to the Federal Courts' discretion to grant declaratory relief, but such relief must have been properly sought. Discretion to grant the relief can only be exercised after considering the four part test set out by the Supreme Court in *Ewert v. Canada*. The FCA noted that there is no indication in the Reasons that the FC considered this test. (para. 34-35)

Three errors identified by the FCA

In considering whether the FC erred in setting out the test in paragraph 3 of its Judgment, the FCA declined to address fully the general principles of purposive construction given that there was no appeal of Choueifaty v Attorney General of Canada (*Choueifaty*), and only noted that "the error of the Commissioner in *Choueifaty*

and in this case was not that she considered the problem and solution as part of her general assessment of the scope of the claims based on her reading of the applications as a whole, but rather that she identified the essential elements of the claims solely on that basis." (para. 39) The FCA held that understanding the purpose, problem and solution can be useful but cannot be the sole or overarching element of the determination of the essential element. The FCA declined to conclude that the Commissioner refused to follow the case law but instead determined that CIPO and the Commissioner did not properly understand the subtleties of the exercise of construing claims. (para. 44)

The FCA identified a number of errors in the Judgment. The first error in respect of the test in paragraph 3 of the Judgment is that the order required to be followed by the Commissioner is contrary to the FCA's statement in *Amazon.com, Inc. v. Canada (Attorney General)* that patentability elements need not be considered by the Commissioner in any particular order. (para. 48) The second error is the actual order of the test adopted by the FC given that computer-implemented inventions are not a distinct category under section 2 of the *Patent Act,* and may fall under different categories depending on the nature of the invention. Thus, there was no reason why the Commissioner should look at the exclusions set out in subsection 27(8) before even examining whether the subject matter falls under the definition of an invention in section 2. The FCA noted that there may be a reason for doing so in any given case, but this order should not be part of a legal test. (para. 49-51) With respect to paragraph 3(c) of the FC's Judgment, the FCA did not agree that the Commissioner should deal with recognized judicial exclusions only at this stage of the test. The FCA also noted that the FC's test required that other patentability criteria, such as novelty, obviousness and utility, should not be considered when assessing the definition of invention. This is the subject of debate in other jurisdictions and has not been addressed in Canadian law, and thus the FCA held that it should not have been addressed in this case. The FCA highlighted the need to address all relevant aspects of a question before setting out a compulsory test, including that the issue is being considered in other countries.

The FCA then considered Canadian case law that supports the principle that novelty and/or ingenuity may be relevant in applying the statutory definition of invention. The FCA concluded: "while *Amazon* does not settle the issue of whether, once the claims have been purposively construed, the Commissioner may consider the concepts of novelty or ingenuity in assessing patentable subject matter under section 2, on my reading of the reasons as a whole, it certainly does not preclude such an exercise." (para. 70) The FCA concluded that "there is no basis in Canadian case law as it currently stands for limiting the Commissioner's consideration of the concepts of novelty and ingenuity to the analyses in application of sections 28.2 and 28.3 of the *Patent Act*, as paragraph 3(c) of the test implies." (para. 78) As a result, apart from paragraph 3(a), the test set out by the Court was found not to be supported in Canadian case law and deals with issues that have not yet been considered by Canadian courts. Further, the FCA considered the test to be contrary to the FCA's decision in *Amazon,* which is a binding authority on the FC.

Conclusion of the FCA

The FCA declined to amend the test set out in paragraph 3 of the FC's Judgment for the reasons discussed throughout the Decision, and simply deleted it. The matter was thus remitted to the Commissioner for redetermination. No costs were granted.

By

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