Assessment in parts: patent-eligible subject-matter in Canada

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Introduction

Since 2009 the Canadian Patent Office[1] has formulated three sets of examination guidelines for assessment of patent-eligible subject-matter.[2] All three sets of guidelines function in practice to segregate claimed subject-matter into parts, and to assess the patent-eligibility of the claim by the consideration of the parts.

The first two sets of guidelines were invalidated by the courts in the cases of *Re Amazon.com Inc.*[3] and *Choueifaty v. Canada (Attorney General)*[4] based partly on the failure to consider the claimed subject-matter as a whole. While the validity of the third, and current set of guidelines has not yet been challenged in the courts directly, their function to assess patent-eligibility based on a consideration of claimed subject-matter in parts has been called into question in a decision by the Federal Court in the case of *Benjamin Moore v. Canada (AG)*.[5] An appeal of that decision has now been heard by the Federal Court of Appeal,[6] and at the time of writing a decision is forthcoming.

The basis upon which the current guidelines operate to segregate claimed subject-matter into parts appears to be fundamentally different, however, from that of the previous guidelines. It may not follow from the invalidity of the previous guidelines, therefore, that the current guidelines are likewise invalid. Indeed, and as discussed in this article, the basis operative in the current guidelines appears to be drawn from existing principles which authorize the segregation of claimed subject-matter into parts and the assessment of the validity of the claim by the consideration of the parts separately.

Basic requirements of patent-eligibility

The Canadian *Patent Act*[7] requires patent-eligible subject-matter to fall within one of the so-called statutory categories of invention listed in the definition of “invention”, namely: “art, process, machine, manufacture or composition of matter”.[8] The Act contains only a single categorical exclusion from patent-eligibility, namely that “no patent shall be granted for any mere scientific principle or abstract theorem” (“the abstract ideas prohibition”).[9] The courts have found that calculations and mathematical formulae *per*

se are encompassed by this prohibition, and that mental operations and processes,[10] plans or information transformations involving no change to underlying physical entities, [11] schemes or rules (including in relation to games) involving a conventional use of known equipment,[12] and computer programs *per se*[13] are not encompassed by the statutory categories.

The courts have held, however, that while a disembodied idea is not patent-eligible, a practical method of application of the idea may be patent-eligible.[14] Relatedly, the courts have held that subject-matter is generally patent-eligible if when performed or employed it involves some physical existence or manifestation of a discernible effect or change ("physicality").[15] At the same time, however, the courts have held that the performance of patent-ineligible subject-matter (*e.g*. calculations and mathematical formulae) by physical computing devices does not, without more, render the subject-matter patent-eligible.[16]

Examination guidelines

The reconciliation of these principles has posed a challenge to the formulation of workable examination guidelines. For example, in the case of a claim defining a computer configured with a novel and inventive, but patent-ineligible, algorithm, it is clear that at one and the same time the computer may involve physical existence, but that the implementation of the algorithm in the computer may involve a transparent attempt to patent what would otherwise be patent-ineligible. The Office's guidelines have thus involved the segregation of claimed subject-matter into parts for the assessment of patent-eligibility, often isolating the physical computer from the algorithm which is equated to a disembodied abstract idea.

Specifically, the previous sets of guidelines effectively segregated and assessed only the 'inventive contribution' of the claimed subject-matter, being that combination of claim elements not taught in the prior art. If such inventive contribution itself lacked the requisite physicality, the subject-matter was regarded to be patent-ineligible. Very often, the computer was regarded not to form a part of the 'inventive contribution', and the remaining disembodied algorithm was found to be patent-ineligible. These previous guidelines were invalidated by the courts based in part on the finding that that the proper object of an assessment of patent-eligibility is "the subject matter defined by the claim", and not "the invention" or "what the inventor claims to have invented".[17]

The third, and current set of examination guidelines was promulgated in a 'Practice Notice'[18] published by the Canadian Patent Office on its website on November 3, 2020. The guidelines prescribe the identification of an 'actual invention', which may constitute only a part of claimed subject-matter, which is then assessed against the statutory categories. At first blush, therefore, the current examination guidelines appear to involve the same error as the previous guidelines. The basis upon which the current guidelines segregate claimed subject-matter into parts appears to be fundamentally different, however, from that of the previous guidelines.

Specifically, the guidelines define the 'actual invention' – the relevant part to be segregated from the whole of the claimed subject-matter – as consisting of either a single element or a combination of elements that provide a solution to a problem. In order to be both patent-eligible and not fall within the above-noted abstract ideas prohibition, claimed subject-matter must be limited to or narrower than an 'actual

invention' that meets the physicality standard and which relates to the manual or productive arts. While a claim element may be essential in accordance with the applicant's intention, it may nevertheless have no material effect on the working of the 'actual invention', as in the case of a superfluous limitation. The guidelines thus seem to suggest that where particular claim elements do not form an overall combination with remaining elements to produce a new and unexpected result, then those particular claim elements may be found not to form a part of the 'actual invention'.

In a very suggestive footnote, the guidelines state that:

> The requirement that a claim be limited to or narrower than an actual invention means that the claim must place the fences around either the entirety of an actual invention or some part of an actual invention. If a claim places the fences around subject-matter that is not part of an actual invention, the claim does not comply with the requirements of subsection 27(4) of the *Patent Act.*[19]

The cited subsection of the *Patent Act* is the legislative provision which is typically asserted in connection with issues of clarity, and so seems at first to be unrelated to any assessment of patent-eligible subject-matter. The above-reproduced footnote seems to describe, however, a so-called 'exhaustive combination' where the claim exceeds the "immediate and cooperating environment" of the invention.[20]

Permitted assessment of parts

Thus, unlike the previous guidelines which segregated from claimed subject-matter only that part which constituted the 'inventive contribution', the current guidelines appear to do so by identifying those claim elements which cooperate together to produce the desired result. It is to be observed, however, that this is an existing practice in the form of the distinction between patentable combinations and mere aggregations – concepts which are related to 'exhaustive combinations'.

The distinction between patentable combinations and mere aggregations is drawn in the current version of the *Manual of Patent Office Practice* ("MOPOP"), the general examination guidelines published by the Patent Office, as follows (emphasis added):

> When an invention is merely a juxtaposition of parts or known devices, and each part or device merely functions as would be expected if it were used on its own, the assembly is not a true combination but is a mere aggregation. An aggregation of old parts cannot form the basis of a patentable invention.
>
> An aggregation should be identified as a defect under section 28.3 of the *Patent Act* as being obvious. *Separate prior art documents may be cited to show that each individual part is known in the prior art*.[21]

Thus, in the case of 'mere aggregations', the above guidelines expressly authorize the segregation of claimed subject-matter into parts, and the assessment of the patentability – in particular, the novelty or non-obviousness – of each part separately.

The above distinction in MOPOP is drawn from the leading case of *Crila Plastic Industries Ltd. v. Ninety-Eight Plastic Trim Ltd.*,[22] in which the Federal Court of Canada

– Trial Division concluded that claimed subject-matter was obvious because the claims did not define a combination producing a unitary result, but instead a mere aggregation of known elements each producing its own separate result. The Court's reasons in *Crila Plastic* seem logically to rely upon an analysis of the patentability of parts of claimed subject-matter separately.

It is observed that the fundamental concept which appears to distinguish a 'patentable combination' from a 'mere aggregation' in the above is *synergy*, which may be defined as "the interaction of elements that when combined produce a total effect that is greater than the sum of the individual elements, contributions, etc.".[23]

It thus appears, therefore, that – at least the case of 'mere agregations', where parts of claimed subject-matter do not possess synergy – it is indeed permitted to segregate claimed subject-matter into parts and to assess the patentability thereof separately.

Synergy and patent-eligibility

It is in this context that the current guidelines with respect to patent-eligibility may be re-considered. Specifically, the current guidelines expressly define an 'actual invention' in substantially the same manner as a 'patentable combination' has been defined in contradistinction to a 'mere aggregation'. In this connection, the guidelines state (footnotes omitted, except where indicated):

> An actual invention may consist of either a single element that provides a solution to a problem or of a combination of elements that cooperate together to provide a solution to a problem. Where an actual invention consists of a combination of elements cooperating together, all of the elements of the combination must be considered as a whole when considering whether there is patentable subject-matter and whether the prohibition under subsection 27(8) of the *Patent Act* is applicable.[Footnote 16]

The Footnote 16 ending the above passage states as follows:

> In identifying the actual invention covered by a claim, it is appropriate to consider the solution(s) evident to a person skilled in the art upon reading the specification. However, the actual invention will not necessarily be limited to the element or elements that constitute the inventive aspect of a particular solution. Instead, the identification of the actual invention must consider all the essential elements of the claim (as purposively construed) that cooperate together to achieve the solution. For claims having a single essential element, the analysis focuses on whether the element achieves the solution. For claims having multiple essential elements, the analysis must consider any combination of those elements that cooperate to achieve the solution.

Thus, in sharp contrast to the previous guidelines which separated claim elements based on whether or not they constituted the 'inventive contribution', the current guidelines expressly state that the 'actual invention' may include known elements. Instead, the basis for separation of claimed subject-matter into parts is instead whether or not the claim elements "cooperate together to achieve the solution" – that is, whether they possess synergy. And, as indicated above the governing jurisprudence and

existing practice appear to authorize the segregation of claimed subject-matter into parts when those parts lack synergy between them, and the separate assessment of the validity thereof on this basis.

Current appeal

As noted above, at the time of writing, the status of the current guidelines has been called into question in a decision by the Federal Court in the case of *Benjamin Moore.*[24]

That decision addressed an appeal of final rejections by the Commissioner of Patents which were based on previous examination guidelines, not the current examination guidelines. By the time of the decision, the Office had already promulgated the current guidelines. Accordingly, the Attorney General, acting on behalf of the Commissioner, agreed that the incorrect test had been applied – since the applied guidelines had in the meantime been overtaken by the current guidelines – and asked the Court to limit itself to remitting the matter back to the Commissioner for reconsideration, ostensibly based on the current guidelines.

During the proceedings, the Intellectual Property Institute of Canada (IPIC), acting as intervener, proposed a replacement framework ("the IPIC Framework") for assessment of patentability of computer-implemented inventions, wherein the patent examiner should (emphasis added):

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.

In its judgment, the Court made the unusual decision to include the entirety of the IPIC Framework as a part of its Order, thereby directing the Commissioner to reassess the subject applications specifically on the basis of the IPIC Framework.

It may be surmised that such decision was unexpected by the Attorney General, as an appeal of the order was filed in the Federal Court of Appeal[25] specifically contesting the inclusion of the IPRP Framework in the Order. A hearing of the appeal was held on February 16, 2023, and it is now awaiting a decision.

Conclusion

It would be open to the Federal Court of Appeal to avoid an assessment of the validity of the current guidelines, inasmuch as they were not operative in the Commissioner's appealed rejections, and so were not formally under consideration. Its decision could be made instead on the basis of principles governing more generally the propriety of the inclusion in court orders of specific, particularized tests which constrain assessments made by administrative decision-makers.

If the Court does perform such an assessment, however, and opines on the validity of the current guidelines or the IPIC Framework, its decision may serve to clarify whether and in what circumstances it is permitted to assess patent-eligible subject-matter by the segregation of claimed subject-matter into parts.

If, however, it concludes that this is not permitted, and patent-eligibility must be assessed by reference only to the whole of claimed subject-matter – as proposed in the IPIC Framework – then this would seem to create an inconsistency with the existing practice of assessing the patentability – and particularly, the novelty and non-obviousness – of claimed subject-matter in parts, when those parts lack synergy.

Footnotes

[1] The Canadian Patent Office is a branch of the Canadian Intellectual Property Office, the Canadian federal governmental agency generally concerned with the administration of intellectual property rights in Canada.

[2] In this article the term "patent-eligible subject-matter" is used to designate subject-matter which satisfies the threshold question of whether it is the kind of subject-matter which is generally eligible for patent protection, whereas the term "patentable" is used to designate patent-eligible subject-matter which also satisfies the additional requirements for entitlement to patent, such as novelty and unobviousness/inventiveness.

[3] *Re Amazon.com Inc.*, 2011 FCA 328 (*Amazon*).

[4] *Choueifaty v. Canada (Attorney General)*, 2020 FC 837.

[5] *Benjamin Moore v. Canada (AG)*, 2022 FC 923 (*Benjamin Moore*).

[6] *Canada (AG) v. Benjamin Moore*, court no. A-188-22 (FCA) (*Benjamin Moore FCA*).

[7] *Patent Act*, R.S.C. 1985, C. P-4 (*Patent Act*).

[8] *Patent Act*, s. 2, *s.v.* "invention".

[9] *Patent Act*, s. 27(8).

[10] See *Schlumberger Ltd. v. Canada (Patent Commissioner)*, [1982] 1 F.C. 845 at para. 5, 56 C.P.R. (2d) 204 (F.C.C.-A.D.) (*Schlumberger*).

[11] See *Lawson v. Canada (Commissioner of Patents)* (1970), 62 C.P.R. 101 at para. 60 (Ex.Ct.Can.) (*Lawson*).

[12] See *Progressive Games Inc. v. Canada (Commissioner of Patents)* (1999), C.P.R. (4th) 517 (F.C.C.-T.D.).

[13] See *Apple Computer Inc. v. Mackintosh Computers Ltd.*, [1987] 1 F.C. 173 at para. 97, 10 C.P.R. (3d) 1, 28 D.L.R. (4th) 178 (F.C.C.-T.D.), aff'd [1988] 1 F.C. 673, 18

C.P.R. (3d) 129, 44 D.L.R. (4th) 74 (F.C.C.-A.D.), aff'd [1990] 2 S.C.R. 209, 30 C.P.R. (3d) 257, 71 D.L.R. (4th) 95.

[14] See *Shell Oil Co. v. Canada (Commissioner of Patents)*, [1982] 2 S.C.R. 536 at para. 40, 67 C.P.R. (2d) 1, 142 D.L.R. (3d) 117.

[15] See *Amazon*, *supra*, at para. 71. See also *Lawson*, *supra*, at para. 29.

[16] See *Schlumberger*, *supra*.

[17] See *Amazon*, *supra*, at para. 40.

[18] Patentable Subject-Matter under the *Patent Act* (accessed October 27, 2022).

[19] *Ibid.* footnote 9.

[20] It is the author's experience that such 'exhaustive combinations' are at least sometimes rejected on the grounds that the claim does not define "distinctly" the subject-matter of the claimed invention. See MOPOP: 16.07.01, retrieved on 2022-10-31, which also states that should the claim define a further combination over-and-above the contained inventive concept, then a lack of unity may result. Relatedly, it is also the author's experience that examiners sometimes raise objections similar to unity objections, which are generally based on subection 36(1) of the *Patent Act*, instead under subsection 27(4) of the *Patent Act*, on the grounds that the inventive concept defined by a claim cannot be determined due to a lack of clarity as to which of multiple inventive concepts contained by the claim is intended. See MOPOP, 21.07.01, retrieved on 2022-11-01, which states that an examiner's determination of a of lack of unity of claimed subject-matter might relate to a lack of clarity.

[21] *Manual of Patent Office Practice*, s. 18.02.04, retrieved on 2022-10-31.

[22] *Crila Plastic Industries Ltd. v. Ninety-Eight Plastic Trim Ltd.* (1986), 10 C.P.R. (3d) 226 at para's 14-21 (Fed. T.D.), aff'd (1988), 18 C.P.R. (3d) 1, 81 N.R. 382 (Fed. A.D.) (*Crila Plastic*). See also *Domtar Ltd. v. MacMillan Bloedel Packaging Ltd.* (1977), 33 C.P.R. (2d) 182 (Fed. T.D.), aff'd (1978), 41 C.P.R. (2d) 182, 24 N.R. 85 (Fed. C.A.).

[23] Dictonary.com

[24] *Benjamin Moore, supra*.

[25] *Benjamin Moore FCA, supra*.

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