

# Framework for Patentable Subject-Matter Adopted by the Canadian Federal Court

June 22, 2022

On June 17, 2022, in the case of *Benjamin Moore & Co. v. Canada (Attorney General)*, 2022 FC 923 (Benjamin Moore), the Canadian Federal Court issued a judgment clarifying the framework for assessments of patentable subject-matter in Canada. While only time will tell, the framework appears at first blush to be favourable to patentees, with potential implications across many technology fields.

## Background

The case concerned Benjamin Moore's Canadian Patent Application No's 2,695,130 and 2,695,146 directed to its computer-implemented color selection technology, involving computers configured to receive user inputs and display results via conventional input/output and display devices. On May 8, 2020, the Canadian Commissioner of Patents refused the applications for claiming unpatentable subject-matter. In accordance with ordinary procedure, the Commissioner's refusal was based on a recommendation of the Patent Appeal Board, an appeal body of the Canadian Patent Office. The Commissioner's refusal was appealed by Benjamin Moore to the Canadian Federal Court.

The Patent Appeal Board's analysis and recommendation were based on examination guidelines issued by the Canadian Patent Office (a part of the Canadian Intellectual Property Office) which prescribed a problem-solution analysis for assessments of patentable subject-matter. The guidelines required identification of a 'problem' and a 'solution' to that 'problem' based on the application as a whole. Typically, the 'problem' was identified based on an express or implicit disclosure in the application of a **shortcoming or deficiency in the prior state-of-the-art**. The 'solution' was then identified based on the teachings of the application for overcoming such shortcoming or deficiency. The guidelines then required an analysis of the claim elements to determine which elements were 'essential' for the identified 'solution', and which were 'non-essential'. A determination was then made as to whether the claimed subject-matter including only the identified 'essential' elements fell within one of the so-called statutory categories of patentable subject-matter: "art, process, machine, manufacture or composition of matter" in the definition of "invention" in section 2 of the Patent Act.

In the case of computer-implemented inventions where the inventive contribution resides in a novel algorithm, claimed computer elements were typically considered **'essential'** by the guidelines only when the application was found to address a **'computer problem'** - i.e. a technical problem in the functioning of the computer - and were otherwise deemed non-essential and ignored when assessing claimed subject-matter **against the statutory categories**. Thus, for many inventions involving novel algorithms - including those producing more reliable results or consuming fewer computational resources - the **'problem'** was frequently considered not to be a **'computer problem'**, but instead an **'algorithm problem'**. The typical consequence was that the **'solution'** was considered not to require the claimed computer elements, and the resulting disembodied algorithm was regarded to be unpatentable.

While allegedly based on the governing jurisprudence with respect to claims construction pronounced by the Supreme Court of Canada in the seminal companion cases of **Free World Trust v Électro Santé Inc**, 2000 SCC 66 (Free World Trust) and **Whirlpool Corp v Camco Inc**, 2000 SCC 67 (Whirlpool), the guidelines had no clear basis in the jurisprudence.

**As noted above, Benjamin Moore's applications were refused by the Commissioner on May 8, 2020. Less than three months later, on July 30, 2020, the Federal Court issued a judgment in ChouEIFaty v. Canada (Attorney General), 2020 FC 837 (ChouEIFaty) concerning an appeal of a refusal by the Commissioner of Application No. 2,635,393 for claiming unpatentable subject-matter. The underlying Patent Appeal Board recommendation was likewise based on the problem-solution analysis described above. In ChouEIFaty, the Court held that the employed problem-solution analysis failed to apply properly the above-mentioned governing jurisprudence with respect to claims construction pronounced by the Supreme Court of Canada in Free World Trust and Whirlpool.**

Consequently, on November 3, 2020 the Patent Office published on its website a **Practice Notice entitled "Patentable Subject-Matter under the Patent Act"**. While the Practice Notice explicitly repudiated the previous employment of problem-solution analysis specifically to determine whether claim elements are essential or non-essential, it retained a problem-solution analysis for determinations of patentable subject-matter in a different way. Specifically, while the Practice Notice required determinations of claim element essentiality based on the jurisprudence of Free World Trust and Whirlpool as confirmed by the Court in ChouEIFaty - **and therefore typically all claim elements were regarded to be 'essential'** - it also required a determination of an **'actual invention' encompassed by a claim**. This **'actual invention'** consists of the single claim element or combination of claim elements which cooperate together to provide a solution to a **problem taught by the application**. To be patentable, this **'actual invention'** must have physical existence or manifest a discernible physical effect or change, and relate to the manual or productive arts, in accordance with principles set forth by the Federal Court of Appeal in **Re Amazon.com Inc.**, 2011 FCA 328 (Amazon).

## The Decision

It was in this context that the Federal Court heard the appeal in Benjamin Moore. The Appellant Benjamin Moore requested an order declaring that its applications claimed patentable inventions, and in the alternative an order remitting the applications back to the Commissioner for reconsideration based on the principles set forth in Free World

Trust and Whirlpool instead of the previous problem-solution guidelines. While the Respondent Attorney General conceded that the Commissioner's refusals were in error in light of the Court's intervening decision in *ChouEIFaty*, she asked the Court to limit its decision to setting aside the Commissioner's refusals and remitting the matter back for reconsideration, but otherwise without instructions regarding the principles for determining patentable subject-matter.

Importantly, the Intellectual Property Institute of Canada (IPIC) - the principal intellectual property professional association in Canada - was granted leave to intervene. During the hearing it proposed a framework for the assessment of patentability of computer-implemented inventions, to which Benjamin Moore agreed. In accordance with that proposal, the examiner should:

- a. purposively construe the claim, in accordance with the principles already set forth in *Free World Trust* and *Whirlpool*;
- 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.

Following a very brief discussion, the Court agreed that the framework proposed by IPIC and endorsed by Benjamin Moore was in keeping with the governing jurisprudence. Accordingly, the Court remitted the applications back to the Commissioner for reconsideration with instructions to employ that framework. In this connection, it is notable that while the Court remarked that the 2020 Practice Notice had very little bearing on the case since it issued after the impugned Commissioner's refusals were rendered, the Court's remittal instructions made no reference to it or its substance.

## Future Developments

It is now open to the Attorney General, on behalf of the Commissioner, to appeal this judgment to the Federal Court of Appeal. It is observed however, that in both *ChouEIFaty* and *Amazon* - the previous two court decisions which invalidated the Office's examination guidelines at the time - no appeal was taken to a higher court (or a yet higher court, in the case of *Amazon*) to reverse that invalidation or to seek further clarification. Instead, in both instances, the Office soon issued replacement examination guidelines which persisted until challenged.

If this pattern continues, then the Office might reasonably be expected to issue yet further examination guidelines soon, given that its current examination guidelines, including the Practice Notice, appear to be inconsistent with the Court's direction. If so, then it would be reasonable to expect that such guidelines would focus on the assessment of whether a "claim as a whole consists of only a mere scientific principle or abstract theorem", or what constitutes a "practical application" of these, as set forth in the framework adopted by the Court. It might not be unreasonable to expect, as well, that the Office will seek to retain some version of its perennial problem-solution analysis when making these assessments. Moreover, it would be reasonable to expect that any new guidelines would apply broadly to many or all technology fields, given the genericity

of the IPIC framework adopted by the Court, and the Office’s past efforts to formulate unified examination principles.

By

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