Federal Court clarifies the assessment of patent-eligible subject matter in Canada

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Authors

Serge Shahinian

Partner, Patent Agent

Gonzalo Lavin

Partner, Patent Agent

In *Yves Choueifaty v. Attorney General of Canada*[1], the Federal Court of Canada has issued a significant decision concerning the assessment of patent-eligible subject matter, including the approach to be used for such assessment during the examination of Canadian patent applications.

Historical perspective

In keeping in step with advances in technology, the Canadian Courts have assessed and established certain principles in assessing patent-eligible subject matter. A key decision in this regard related to the patentability of Amazon.com's "one-click" method for online purchasing. In the *Amazon* decision[2], the Federal Court of Appeal in particular established that the assessment of patent-eligible subject matter requires a "purposive construction" of the claims, utilizing the criteria and approach long established by the Supreme Court[3], and notably requiring the assessment as to whether or not a claim element is essential. As summarized by the Federal Court, two questions in particular are to be asked in this regard:

1. *Would it be obvious to a skilled reader that varying a particular element would not effect the way the invention works? If modifying or substituting the element changes the way the invention works, then that element is essential.*
2. *Is it the intention of the inventor, considering the express language of the claim, or inferred from it, that the element was intended to be essential? If so, then it is an essential element.*

Importantly, the Supreme Court established that such an assessment should not be based on what is considered to be the "substance of the invention."

Subsequent to the *Amazon* decision, the Canadian Intellectual Property Office (CIPO) established examination guidelines to assess the patent-eligibility of subject matter in various technology areas. Such guidelines in particular followed a problem-solution approach to determine whether an element

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is essential and in turn the patent eligibility of a claim.

Background

The *Choueifaty* case concerns Canadian Patent Application No. 2,635,393 entitled “Method and Systems for Provision of an Anti-Benchmark Portfolio”, claiming a computer-implemented method for providing an anti-benchmark portfolio. Briefly, the method entails acquiring and processing data regarding securities in a portfolio via particular steps and calculations to generate an anti-benchmark portfolio, the various steps being carried out using a computer.

During examination and appeal proceedings at CIPO, the assessment of patentable subject matter was performed via the problem-solution approach set forth in the examination guidelines relating to computer-implemented inventions. Using this approach, it was determined that the solution and in turn the essential elements of the claims were “directed to a scheme or rules involving mere calculations”, and that using a computer was not an essential element of the claims. The claims were thus rejected by CIPO on the basis that:

> *When a claim’s essential elements are only the rules and steps of an abstract algorithm, however, that claim is non-statutory.*

The Court’s decision

On appeal to the Federal Court, it was determined that CIPO did not apply the proper test, noting that the problem-solution approach of CIPO’s examination guidelines not only did not follow the purposive construction test of the Supreme Court, but further is an approach that the Supreme Court established should not be used:

> *The Appellant submits, and I agree, that using the problem-solution approach to claims construction is akin to using the “substance of the invention” approach discredited by the Supreme Court of Canada ...*

Notably, the Court noted that CIPO’s approach failed to consider the second factor noted above, concerning the inventor’s intention, which is contrary to the test established by the Supreme Court.

The Court thus allowed the appeal and set aside CIPO’s decision to reject the application, requesting that CIPO undertake a fresh assessment of this issue in accordance with the Court’s reasons.

Future considerations

This decision brings much needed clarity to the assessment of patentable subject matter in Canada and is a welcome development for patent applicants in a variety of technology areas. The Court’s clear instructions to use the criteria of purposive construction established by the Supreme Court will assist in the analyses of various issues of patentability during patent examination.

It will be interesting to see how CIPO will proceed in light of the decision, in respect of its fresh assessment as directed by the Court and also the possibility of pursuing an appeal. Stay tuned and please do not hesitate to contact a professional of our Patents team for more information!

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1. 2020 FC 837.
2. *Canada (Attorney General) v. Amazon.com, Inc*., 2011 FCA 328.
3. *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66; *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67

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