



September 16, 2009

**By Email:** Barney.deSchneider@ic.gc.ca

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Dear Mr. de Schneider:

**Re: Proposed Amendments to MOPOP Chapters 12 and 13**

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to comment on the proposed revisions to Chapters 12 and 13 of the Manuel of Patent Office Practice which were released for public review on May 11, 2009.

As you know, FICPI (the Federation Internationale des Conseils en Propriété Industrielle), comprises more than 3500 intellectual property attorneys in private practice in 86 countries. FICPI Canada is a self-governing national association of FICPI and represents the interests of Canadian patent and trade mark professionals. Our membership includes senior professionals at most major Canadian intellectual property firms. Our clients span all types and sizes of businesses, including multi-national corporations, small and medium size enterprises, and individuals.

We recognize that updating Chapters 12 and 13 of MOPOP represents an enormous effort and we commend the Patent Office for addressing this important project. These two chapters embrace every major aspect of Canadian patent law. It is crucial that they be kept up to date, and provide clear guidance to the examination staff in the Patent Office.

FICPI Canada's submissions are set out in the attached document. As you will see, we are of the opinion that the proposed revisions of Chapters 12 and 13 do not accurately reflect current Canadian law in a number of key aspects. Some of the proposed concepts are similar to positions taken by the Patent Appeal Board in the recent Amazon One-click decision. As you know, that decision has been appealed to the Federal Court.

While we understand that the Patent Office cannot put matters of importance on hold indefinitely, it would seem prudent in the present circumstances for the Office to refrain from implementing new directions that are currently being challenged in court.

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to provide comments. If CIPO has any comments about our submissions, or if you consider it would be helpful to have a meeting with representatives from FICPI Canada, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Storey', with a long horizontal flourish extending to the right.

Robert B. Storey  
President - FICPI Canada

cc Chris Evans, CIPO (by Facsimile at 819-994-1989)



**FICPI Canada Submissions to CIPO**

**Proposed Amendments to MOPOP Chapters 12 and 13**

**September 16, 2009**

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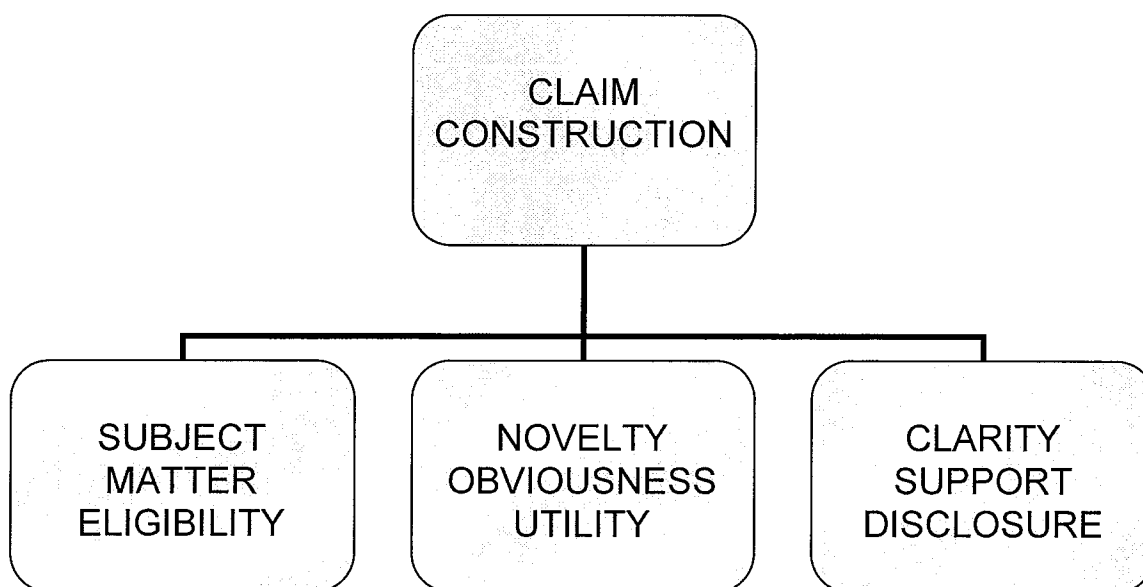
## Purpose of Submission

The purpose of this submission is to provide constructive comments for improvements to draft amendments. We share the view that examiners should be provided with adequate guidance when examining patent applications. Guidance documents generally provide greater objectivity and consistency in the examination of patent applications.

## Introduction

MOPOP and other guidance documents used by the Patent Office must follow the provisions of the *Canadian Patent Act* and *Rules* as interpreted by Canadian case law. Incorporation of foreign law concepts and practices should be avoided. Similarly, incorporation of any new policies that depart from current legislation and case law must be avoided.

It would greatly benefit examiners if such guidance documents set out a logical order for the examination procedure. We suggest that Chapter 13 provide an examination flowchart such as the following:



The first examination step should be to individually construe the claims. Adherence to claim language is key to ascertaining the proper scope of the claims, while resorting to the disclosure in cases where necessary to better appreciate the inventors' intentions, vocabulary or to resolve ambiguities. Claim construction should include a review of the entire patent application so as to situate context and appreciate content.

In all cases claim construction should be achieved without regard to the prior art. Once construed, the claims should be individually evaluated for subject matter eligibility, novelty, non-obviousness, and utility. Other issues such as clarity, compliance with formal requirements, adequate disclosure and support complete the examination process. Of course, lack of clarity may in some extreme cases become a threshold issue which does not allow meaningful claim construction. In such cases a first examiner's report should point out this defect.

When dealing with issues of potential lack of novelty or obviousness, examiners should receive specific guidance from current Canadian case law, such as the guidance provided by the Supreme Court of Canada in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.* [2008] SCC 61. MOPOP and Practice Notices should be consistent and both should be aligned with the *Act, Rules* and case law. We would, incidentally, encourage the Office to avoid issuing Practice Notices, and instead update the relevant Chapter(s) of MOPOP frequently as this would allow interested parties to look to one source, MOPOP, for guidance on Patent Office practice.

CIPO is reminded that when examining applications for compliance with the *Patent Act* and *Rules* the Commissioner has no discretion independent of the *Patent Act* to refuse an application. (See *Patent Act*, Section 40, *Monsanto Co. v. Commissioner of Patents* (1979), 42 C.P.R. (2d) 161 at 178 (S.C.C.); *Vanity*

*Fair Silk Mills v. Commissioner of Patents*, [1938] 4 D.L.R. 657, [1939] S.C.R. 245 at p. 246.).

FICPI is of the view that Section 13.05 as it currently reads incorporates many notions of European law, both statutory and case law, and therefore lacks basis in Canadian law. Examples are the proposed “problem-solution” and “blended form and substance” approaches. As currently drafted, Section 13.05 would cause much confusion.

Furthermore, we suggest that as currently drafted, the interwoven references to form, substance, statutory subject matter, utility, support, essential elements and contribution in both Chapters 12 and 13 would hopelessly complicate and confuse both examiners and practitioners and would lead to protracted examination and numerous appeals. We propose a set order of examination sequence to avoid blending concepts and the inevitable confusion that would ensue. We submit that a stepwise approach will facilitate more meaningful examination and improve efficiency.

### **Detailed Submissions**

In our respectful view, draft Chapters 12 and 13 appear to improperly apply the relevant legislation and current case law and if implemented as Patent Office policy, would seriously limit the patent rights of applicants using the patent system in Canada. If implemented, the result would be the application of principles that are not based in current Canadian law, which would lead to uncertainty, more Office actions than are necessary, more appeals, more costs to applicants and ultimately retreat from such principles as the courts would be increasingly called upon to cause the law to be correctly applied. The result would be increased costs for questionable protection and a long lasting distaste for the use of the Canadian patent system from applicants around the world. This could lead to a reluctance to use the Canadian patent system and would tarnish Canada’s reputation among the intellectual property community in a manner even more detrimental than the fall-out of the *Dutch Industries* case.

It is imperative that any approach to refusing a patent application must have a substantial foundation in current Canadian law. In the *Harvard College* decision, both Binnie J. speaking for the dissenters and Bastarache J. speaking for the majority of the Supreme Court of Canada referred Section 40 of the *Patent Act*:

40. Whenever the Commissioner is satisfied that an applicant is not by law entitled to be granted a patent, he shall refuse the application.....[Emphasis added]

Bastarache J. referred to *Monsanto* in which Pigeon J., speaking for the majority stated:

I have underlined by law to stress that this is not a matter of discretion: The Commissioner has to justify any refusal. As Duff C.J. said in *Vanity Fair Silk Mills v. Commissioner of Patents* (at p. 246):

No doubt the Commissioner of Patents ought not to refuse an application for a patent unless it is clearly without substantial foundation...

Thus it is imperative that the Office base all of its guidance in Chapters 12 and 13 on the *Patent Act* and current Canadian case law. All inventors, applicants, agents, examiners and the Commissioner must follow the law when arguing for or against the patentability of an invention. Even if the Commissioner does not base refusals of an application on the *Patent Act* or current Canadian case law, prudent practitioners will base their explanations of why an application complies with the *Patent Act* on statutory language and current Canadian case law and ultimately so will the courts.

We have used the term “current Canadian case law” because it appears that some of the basis for the statements made in the draft Chapters is allegedly provided by case law that is outdated and has been clarified or overruled, for example, the decisions in *Lawson* and *Shlumberger*.



Before we provide comments aimed at specific text of the proposed Chapters, we would like to provide comments about two common themes running through both Chapters, namely the “form and substance” and “contribution” approaches to examination. It is these two approaches that FICPI finds fundamentally contradictory to current Canadian law.

## **Form and Substance**

Section 12.04.01 of the proposed Chapter 12 states:

“As discussed in Section 13.05.02 of this manual, examination of claims is performed from the perspective of both form and substance, and the requirement that an invention relate to a field of technology may as appropriate be evaluated in respect of both the form and substance of a claim.”

The approach is discussed in detail in s.13.05.02 and is also discussed in various other sections, including s.12.04.01, 12.06, 12.06.08, 12.06.08c, 12.06.08d, footnote 36 of Ch. 12, and s.13.05.03c.

The proposed MOPOP revisions assert that it is no longer enough for the “*form*” of a claim to fulfill requirements for patentability, and that the “*substance*” of the invention must also be considered. Although this analytical approach is discussed primarily in the context of statutory subject-matter, in s.13.05.02 it is asserted that:

“Substance-based objections can be made, for example, in respect of issues of proper support (written description or enablement), utility, novelty or obviousness of the claimed matter, or where the invention, in substance, is non-statutory.”

Thus, in the case of statutory subject-matter, it is no longer sufficient for the *form* of the claim to fall within one of the categories of statutory subject-matter in Section 2. The substance of the claim must also separately qualify, Section 13.05.02 states:

“defects related to the substance of the invention may be raised, as circumstances dictate, regardless of the form of the claim.”<sup>1</sup>

A direct consequence of this “form and substance” approach is that a claim which in *form* is expressly directed to one of the statutory categories in Section 2, such as a “machine”, can nevertheless be rejected as non-statutory if the “substance” of the invention is viewed as non-statutory. Numerous examples of claims directed to machines or devices which would be rejected as non-statutory are provided in the draft text.<sup>2</sup>

The proposition that apparatus or machine claims could be rejected as non-statutory based on their “substance” is not consistent with Canadian law and contravenes Section 40 of the *Patent Act*, as well as numerous judgments of the Supreme Court of Canada including *Harvard College*, *Whirlpool* and *Free World Trust*. The form and substance approach also contravenes other Canadian Court decisions on claim construction and claim redundancy, as well as related provisions of the *Patent Act*, and the *Patent Rules*.

The form and substance approach contravenes Sections 2 and 27(4) of the *Patent Act* because, when considering questions of patentability, it is the patentability of the claimed invention that must be assessed. Section 27(4) of the *Act* expressly confirms that the role of the claims is to define the “invention” for which a patent is sought:

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<sup>1</sup> s.13.05.02.

<sup>2</sup> See e.g. s.12.06.06b, 13.05.03c. A further example can be found in a recent decision of a newly constituted Patent Appeal Board, which applied this approach in Commissioner’s Decision No. 1290, rejecting an apparatus claim as non-statutory because the Board viewed the “substance” of the invention as non-statutory: *Re Application No. 2,246,933*, Commissioner’s Decision No. 1290, March 3, 2009. In CD 1290, the Board failed to recognize that its new “form-and-substance” approach directly contravened the Board’s own previous approach to subject-matter as reflected in Commissioner’s Decision No. 1272 as well as CIPO’s official policy contained in MOPOP regarding business methods, and failed to provide any reasons for its direct reversal of policy on these points. See e.g. *Re Diamonds.net LLC Patent Application No. 2,298,467* (2006), 55 CPR (4<sup>th</sup>) 328 (PAB) and MOPOP s.12.04.04.

s. 27(4) *The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed.*

Thus, in accordance with s.27(4), “the invention” means the subject-matter that is defined distinctly and in explicit terms by a claim. It is this subject-matter defined by each claim that must be analyzed for compliance with the definition of “invention” in Section 2. Accordingly, by assessing patentability on the basis of the “substance” of the invention rather than on the basis of the claims, the “form and substance” approach contravenes s.27(4) of the *Patent Act*.

Moreover, the “form and substance” approach directly contravenes Section 2 of the *Patent Act* on its face. In this regard, as noted above, Section 2 defines an “invention” as follows:

“invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter;

Taking the category of “machine” by way of example, it follows directly from Section 2 that “any new and useful ... machine” constitutes an invention. There is nothing in Section 2 that would permit a claim that is directed to a new and useful machine to be rejected as non-statutory. Therefore, the “form and substance” approach directly contravenes Parliament’s directive in Section 2 that any new and useful art, process, machine, manufacture or composition of matter will constitute a statutory “invention”.

The form and substance approach also contravenes another aspect of Section 2: from the use of the word “or” in Section 2, it is clear that qualifying under any one of the statutory categories (“art, process, machine, manufacture or composition of matter, or ... improvement [there]in...”) is sufficient to define a patentable

“invention”. There is no need for a claim to satisfy the requirements of more than one of these categories.<sup>3</sup>

In contrast to the explicit requirements of Section 2, however, the “form and substance” approach would lead precisely to situations in which a claim satisfies the requirements for patentability of one category but its “substance” is viewed subjectively as corresponding to a different category whose patentability requirements are not satisfied. This precise situation arose in the *Diamonds.net LLC* decision of the Commissioner, in which the claims were expressly directed to a machine, but the examiner nevertheless viewed the “substance” of the invention as a “mere scheme of doing business” and rejected the claims because the examiner felt that the claims were directed to professional skills and failed to satisfy the definition of “art”. The Patent Appeal Board correctly rejected the examiner’s arguments and allowed the applicant’s appeal, effectively holding that the requirements to qualify as an “art” were irrelevant, given the fact that the claims already expressly qualified as a “machine”.<sup>4</sup>

Accordingly, the “form and substance” approach on its face appears to contravene both Sections 2 and 27(4) of the *Patent Act*. For these reasons alone, such an approach is inconsistent with current Canadian law.

The form and substance approach also contravenes the Supreme Court of Canada Judgments in *Free World Trust*<sup>5</sup> and *Whirlpool*<sup>6</sup>. In these judgements the Court abolished the earlier “two step” approach to infringement assessment in favour of a single-step purposive claim construction. The Court emphasized

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<sup>3</sup> Although this principle is clear from the use of the word “or” in section 2 itself, it is noteworthy that the Patent Appeal Board has consistently agreed that it is only for a claim to satisfy the requirements of one of these statutory categories: see e.g. *Re Application No. 096,284* (1978), 52 C.P.R. (2d) 96 at 110 (P.A.B.), and more recently, *Re Orange Personal Communications Services Ltd. Patent Application No. 2,220,378* (2007), 62 C.P.R. (4th) 182 (P.A.B.) at 197.

<sup>4</sup> *Re Diamonds.net LLC Patent Application No. 2,298,467* (2006), 55 C.P.R. (4<sup>th</sup>) 328 at 335-337 (P.A.B.).

<sup>5</sup> *Free World Trust v. Électro Santé Inc.* (2000), 9 C.P.R. (4<sup>th</sup>) 168 (S.C.C.).

<sup>6</sup> *Whirlpool Corp. v. Camco Inc.* (2000), 9 C.P.R. (4<sup>th</sup>) 129 (S.C.C.).

the primacy of the language of the claims and rejected any attempts to identify the "substance" of the invention, on the grounds that adherence to the language of the claims is necessary for both fairness and predictability. The quotations below from these two judgments illustrate these principles.

In *Free World Trust*, the Supreme Court unanimously stated:<sup>7</sup>

[31] The appeal thus raises the fundamental issue of how best to resolve the tension between "literal infringement" and "substantive infringement" to achieve a fair and predictable result. There has been considerable discussion of this issue in Canada and elsewhere, which I will discuss briefly in support of the following propositions:

(a) The *Patent Act* promotes adherence to the language of the claims.

(b) Adherence to the language of the claims in turn promotes both fairness and predictability.

(c) The claim language must, however, be read in an informed and purposive way.

(d) The language of the claims thus construed defines the monopoly. There is no recourse to such vague notions as the "spirit of the invention" to expand it further.

...

**(a) The *Patent Act* Promotes Adherence to the Language of the Claims**

[33] The *Patent Act* requires the letters patent granting a patent monopoly to include a specification which sets out a correct and full "disclosure" of the invention, i.e., "correctly and fully describe[s] the invention and its operation or use as contemplated by the inventor" (s. 34(1)(a)). The disclosure is followed by "a claim or claims stating distinctly and in explicit terms the things or combinations that the applicant regards as new and in which he claims an exclusive property or privilege" (s. 34(2)). It is the invention thus claimed to which the patentee receives the "exclusive right, privilege and liberty" of exploitation (s. 44). These provisions, and similar provisions in other jurisdictions, have given rise to two schools of thought. One school holds that the claim embodies a technical idea and claims construction ought to look to substance rather than form to protect the inventive idea underlying the claim language. This is sometimes called the

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<sup>7</sup> *Free World Trust*, *supra* note 5 at 183-191.

"central claims drafting principle" and is associated with the German and Japanese patent systems: Toshiko Takenaka, "Doctrine of Equivalents after *Hilton Davis: A Comparative Law Analysis*" (1996), 22 Rutgers Computer & Tech. L.J. 479, at pp. 491, 502 and 519. The other school of thought supporting what is sometimes called the "peripheral claiming principle" emphasizes the language of the claims as defining not the underlying technical idea but the legal boundary of the state-conferred monopoly. Traditionally, for reasons of fairness and predictability, Canadian courts have preferred the latter approach...

[35] The debate between the advocates of the "central claiming principle" and advocates of the "peripheral claiming principle" can each find precedents to support them. As long ago as *Smith Incubator Co. v. Seiling*, [1937] S.C.R. 251 at p. 259, [1937] 2 D.L.R. 701, counsel pointed out that there appeared to be these two mutually inconsistent lines of authority:

According to one of these it is proper to consider what is "the pith and substance" or the "spirit" of the invention and to give effect to the patent accordingly. The other is to regard the claims as definitely determining the scope of the monopoly which the patent purports to grant and to give or refuse them effect according to the expressions they contain when these expressions are properly construed and their meaning determined.

To which Rinfret J., for the Court, responded:

In our view, the rule is that the claims must be regarded as definitely determining the scope of the monopoly, having regard to the due and proper construction of the expressions they contain....

The primacy of the language of the claims was emphatically affirmed in the celebrated case of *Catnic Components Ltd. v. Hill & Smith Ltd.*, [1982] R.P.C. 183 (H.L.). ...

[40] The judgment of Lord Diplock was considered and applied by our Federal Court of Appeal in *Eli Lilly & Co. v. O'Hara Manufacturing Ltd.* (1989), 26 C.P.R. (3d) 1 [O'Hara], and its progeny. The primacy of the claims language was already rooted deeply in our jurisprudence and should, I think, be affirmed again on this appeal.

### **(b) Adherence to the Language of the Claims in Turn Promotes Both Fairness and Predictability**

[41] The scope of patent protection must not only be fair, it must be reasonably predictable.

[43] The patent owner, competitors, potential infringers and the public generally are thus entitled to clear and definite rules as to the extent of the monopoly conferred. This in turn requires that the subjective or discretionary element of claims interpretation (e.g., the elusive quest for "the spirit of the invention") be kept to the minimum, consistent with giving "the inventor protection for that which he has actually in good faith invented" (*Western Electric Co. v. Baldwin International Radio of Canada*, [1934] S.C.R. 570 at p. 574, [1934] 4 D.L.R. 129). Predictability is achieved by tying the patentee to its claims; fairness is achieved by interpreting those claims in an informed and purposive way. ...

**(d) The Language of the Claims Thus Construed Defines the Monopoly. There is No Recourse to Such Vague Notions as "Spirit of the Invention" to Expand It Further**

[45] There appears to be a continuing controversy in some quarters as to whether there are two approaches to infringement (literal and substantive) or only one approach, namely infringement of the claims as written but "purposively" construed.

[46] In the two-step approach, the Court construes the claims and determines whether the device accused of infringement has literally taken the invention. If not, the Court proceeds to the second step of asking itself whether "in substance" the invention was wrongfully appropriated. On occasion, treatment of the second step in specific cases has attracted criticism as being subjective and unduly discretionary. Once the inquiry is no longer anchored in the language of the claims, the Court may be heading into unknown waters without a chart. The one-step approach has to build flexibility and common sense into the initial claims construction because there is no second step.

[50] I do not suggest that the two-stage approach necessarily ends at a different destination than the one-stage approach, or that the two-stage approach has resulted in abuse. I think we should now recognize, however, that the greater the level of discretion left to courts to peer below the language of the claims in a search for "the spirit of the invention", the less the claims can perform their public notice function, and the greater the resulting level of unwelcome uncertainty and unpredictability. "Purposive construction" does away with the first step of purely literal interpretation but disciplines the scope of "substantive" claims construction in the interest of fairness to both the patentee and the public. In my view its endorsement by the Federal Court of Appeal in *O'Hara* was correct.

[emphasis added]

Thus, in *Free World Trust* and in its earlier decision in *Smith Incubator* quoted therein, the Supreme Court of Canada firmly rejected the so-called “central claiming principle” which involves a consideration of substance rather than form, and has similarly rejected the two-step approach involving literal construction as the first step and a consideration of the invention “in substance” as the second step. Instead, the Court has emphasized “the primacy of the claims”, which must be given a single purposive construction, for purposes of both fairness and predictability.

Moreover, in *Whirlpool*, the appellant attempted to argue that this approach to claim construction must be confined to infringement and should not apply to issues of validity. The Supreme Court firmly rejected this argument, holding that the same approach to claim construction necessarily applies to validity.<sup>8</sup> [I]t has always been a fundamental rule of claims construction that the claims receive one and the same interpretation for all purposes.

Accordingly, the separate consideration of the “form” and “substance” proposed in draft Chapters 12 and 13 is directly contrary to the approach mandated by the Supreme Court of Canada in the *Free World Trust*, *Whirlpool* and *Smith Incubator* decisions. The Supreme Court has firmly rejected any such approach that focuses upon the “substance” of the invention, in favour of the primacy of the language of the claims. From a policy perspective, contrary to the admonitions of the Supreme Court in these decisions, the proposed “form and substance” approach removes all predictability and fairness from the examination of patent claims, as an applicant would not be able to reliably predict what an examiner may subjectively view as the “substance” of the invention.

The “form and substance” approach also appears to contravene other well-established principles of claim construction in current Canadian law. For

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<sup>8</sup> *Whirlpool*, *supra* note 6 at 149.



example, in *Almecon Industries Ltd.*<sup>9</sup>, the court stated: "In construing the claims, it is permissible to read the claims in the light of the specification as a whole."

And, as stated by the Federal Court of Appeal in the *Beecham* decision:<sup>10</sup>

[I]n construing the claims in a patent recourse to the remainder of the specification is (a) permissible only to assist in understanding terms used in the claims; (b) unnecessary where the words of the claim are plain and unambiguous; and (c) improper to vary the scope or ambit of the claims.

The "substance" approach clearly contravenes the above principles. Proposed Section 13.05.02 states that "By 'substance' is meant what the inventors, through their disclosure, have set forth as a solution to a particular problem". Thus, the "substance" approach does not merely use the disclosure as context to assist in the understanding of otherwise ambiguous terms used in the claims; rather, it effectively varies the scope of the claims by substituting the examiner's view of the "substance" of the invention, as gleaned from the disclosure, for the words of the claim itself.

Even when the disclosure is used to construe the claims, the Federal Court of Appeal has held that the disclosure must not be used to change a claim from one subject-matter to another. For example, in the *TRW* case, the Court stated:<sup>11</sup>

If a patentee defines and limits with precision, in language which is plain and unambiguous, what it is he claims to have invented, the courts are not "to restrict or expand or qualify" the scope of an invention by reference to the body of the specification ... . This does not mean, however, that claims are never to be construed in the light of the rest of the specification. It means that such resort is limited to assisting in comprehending the meaning in which words or expressions contained in the claims are used... However, reliance on "stray phrases" in the disclosure for such assistance is not permitted ... . Nor may the disclosure be used to change a claim from one subject-matter into a claim for another subject-matter ... ,

<sup>9</sup> *Almecon Industries Ltd. v. Nutron Manufacturing Ltd.* (1996), 65 C.P.R. (3d) 417 at 445 (F.C.T.D.).

<sup>10</sup> *Beecham Canada Ltd. v. Procter & Gamble Co.* (1982), 61 C.P.R. (2d) 1 at 11 (F.C.A.).

<sup>11</sup> *TRW Inc. v. Walbar of Canada Inc.* (1991), 39 C.P.R. (3d) 176 at 188-89 (F.C.A.).

or to make the words of a claim "say things which in fact it does not say at all"... [emphasis added; authorities omitted]

The "form and substance" approach directly violates the above principles. By way of example, if the form of a claim is expressly directed to a machine, any approach that re-characterizes the "substance" of the invention as a method,<sup>12</sup> or more generally as anything other than a machine, effectively changes the claim from one category of subject-matter into a claim for another category, making the claim say things which it does not in fact say at all.

The form and substance approach also contravenes statutory provisions and Canadian court decisions on claim differentiation and claim redundancy. Canadian Courts have held that when a patent or patent application contains two or more claims,<sup>13</sup> "there is a presumption against redundancy, and a presumption of claims differentiation". Thus, patent claims are presumed not to be redundant.

This presumption is consistent with Section 58 of the *Patent Act*, which effectively states that each claim stands on its own for the purpose of validity, and with Section 87 of the *Patent Rules* which states that each dependent claim "shall state the additional features claimed."

The form and substance approach violates the above principles by tending to attribute the same meaning to two or more claims. Although s.13.05.01b contemplates the possibility that two claims may have different sets of "essential elements", it is clear that this is intended only as a possibility rather than the general rule. In practice, since the Office recently began to apply these new approaches, the tendency has been to characterize the "substance" or "essence" of the invention with a single catch-phrase, thus attributing the same meaning to all claims in the application. This was the approach taken by the Patent Appeal

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<sup>12</sup> The March 9, 2009 decision in *Re Amazon.com Inc.*, *supra* note at para. 174, provides an example of such a re-characterization.

<sup>13</sup> See e.g., *Halford v. Seed Hawk, Inc.* (2004), 31 C.P.R. (4<sup>th</sup>) 434 at 470 (F.C.T.D.), *revd* in part on other grounds 54 C.P.R. (4<sup>th</sup>) 130 (F.C.A.).

Board in the recent *Amazon.com* (CD 1290) decision.<sup>14</sup> Anecdotally, this is also the approach taken by examiners in issuing Office actions applying these new approaches in recent months, in which the same “substance” or “essence” of the invention is being attributed to the entire application regardless of what is claimed.

Accordingly, in its application, the form and substance approach attributes the same, redundant meaning to many or all of the claims in a patent or patent application, thereby depriving most of the claims of any meaning or effect. This contravenes Section 87 of the *Patent Act*, Sections 10 and 12 of the *Interpretation Act*, and Canadian Court decisions on claim redundancy and claim differentiation.

In addition, by assessing validity of all of the claims together on the basis of a characterization of the “substance” of the invention, the form and substance approach contravenes Section 58 of the *Patent Act*.

In the Examples provided in Section 13.05.03c of the proposed MOPOP Chapters, at page 13-22, the Exchequer Court decision in *Lawson*<sup>15</sup> is cited as “an example of the Courts rendering judgment on the substance of the alleged invention rather than on the basis of the form of the claims under consideration”. However, *Lawson* involved a bizarre set of facts which is unlikely to be found in any application before CIPO ever again. In *Lawson*, the sole claim under consideration before the Court was claim 5, which was expressly directed to “[a] subdivided parcel of building land ...”. However, the Court’s consideration of the issues was constrained by an agreement between the parties,<sup>16</sup> and it is expressly stated in the judgment itself that the patent applicant not only consented to but actually requested the Court to proceed on the assumption that what was being applied for in the patent application was a method, because the

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<sup>14</sup> *Amazon.com*, *supra* note at paras. 170-173.

<sup>15</sup> *Lawson v. Commissioner of Patents* (1970), 62 C.P.R. 101 (Ex. Ct.).

<sup>16</sup> *Lawson*, *supra* note 15 at 103-104.

patent applicant conceded that a claim to the subdivided parcel of land itself was untenable.<sup>17</sup>

In contrast, when dealing with more conventional claims, such as “machine” claims for example, patent applicants are not likely to agree that their machine claims are untenable, nor are patent applicants likely to consent or request that the Office treat their machine claims as being directed to something other than what is written in those claims. The Court could not have proceeded with such a fictional re-characterization of the claimed invention in *Lawson* without the patent applicant’s consent, and the *Patent Act* certainly does not authorize the Patent Office to do so.

Even if the Exchequer Court decision in *Lawson* at one time might have supported a “form and substance” approach, that approach has been firmly overruled by the Supreme Court of Canada in the *Free World Trust* and *Whirlpool* decisions discussed above.

In summary, we respectfully submit that the proposed form and substance approach has no basis in current Canadian patent law. Section 40 of the *Patent Act* prohibits this approach from being used to reject a Canadian patent application.

### **Contribution Approach**

Another serious departure from current Canadian case law is the “contribution” approach that is discussed in detail in Sections 13.05.03, 13.05.03a and 13.05.03b, and is illustrated by examples in Section 13.05.03c. This approach is also discussed or mentioned at various locations in Chapter 12, including Sections 12.02.01, 12.03, 12.03.02, 12.04.01, 12.05, 12.06, 12.06.01, 12.06.02, 12.06.04, 12.06.06b, 12.06.07, 12.06.08, 12.06.08a, 12.06.08b, 12.06.08c and 12.07.

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<sup>17</sup> *Lawson*, *supra* note 15 at 110.

Generally, it is understood that with the proposed “contribution” approach instead of focusing upon the claim as a whole, the focus is only upon a subset of elements of the claim, the subset being identified through multiple levels of distillation or dissection of the claim.

As an initial level of distillation, the focus is on the “essential elements” of the claimed invention, which the text defines as “that set of elements that are, together, necessary to provide a solution to a problem addressed by the inventors”. The text asserts that, “it is these [essential] elements that must provide novelty and ingenuity to the matter of the claim”, and further asserts that, “These essential elements, as a set, also must be statutory subject-matter.”

As a further level of distillation, the text proposes to focus only the “contribution” made by the inventors, meaning only those portions of a claimed invention that are both novel and non-obvious. In other words, under this proposed new approach, patent applicants will no longer be permitted to rely upon features of the claim that are known from the prior art in order to demonstrate that the claim constitutes statutory subject-matter; rather, patent applicants would be permitted to rely only upon the novel and non-obvious features of the claim to demonstrate statutory subject-matter.

As yet another level of distillation, even among the subset of novel and non-obvious features representing the “contribution”, patent applicants will only be permitted to rely upon features that are deemed to be “statutory features” as opposed to “non-statutory features”. A “non-statutory feature” is a feature that would be objected to as non-statutory if it were claimed on its own with nothing else, while “a ‘statutory feature’ ... means a material object ... or a physical step in an art or process, other than one that is a ‘non-statutory feature’”. Thus, for example, even if a formula or equation is new and non-obvious, it will be viewed

as a non-statutory feature in view of s.27(8) of the *Act*, unless it limits another statutory feature of the claim so as to define a single discrete statutory element.

Going further, however, in assessing whether an element of a claim is a “statutory feature”, it appears that the Office intends to exclude any elements that are not viewed as providing “a technological solution to a problem in a field of technology”, and also intends to exclude any features that the Office otherwise views as excluded subject-matter.<sup>18</sup>

Regarding the “technological” aspect, the text proposes to formulate a new exclusion from patentability of anything in a field that it views as non-technological, including the fields of economics, commerce, accounting, record-keeping, marketing, and law.<sup>19</sup> The text also proposes to extend the scope of excluded subject-matter well beyond the single statutory exclusion contained in s.27(8) of the *Patent Act*.<sup>20</sup> The purported exclusion of all things viewed by the Office as non-technological, and other proposed exclusions from statutory subject-matter, are discussed below under a separate heading; for the purposes of the present section, it is sufficient to bear in mind that these aspects may factor into the distillation of the claim into “statutory” and “non-statutory” features.

To examine a claim, the text proposes to first conduct the distillation into “statutory” and “non-statutory” features. If a claim includes both statutory and non-statutory features, then it will be necessary to conduct a second distillation of the claim to identify the “contribution” made by the inventors, meaning the novel and non-obvious elements of the claim, by comparing the claim to the prior art. If the “contributed” (novel and non-obvious) features are non-statutory, then the claim is to be rejected as non-statutory, even if the claim contains other statutory features that are known from the prior art.<sup>21</sup> In other words, the Office proposes

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<sup>18</sup> Draft chapter 13, s.13.05.03b.

<sup>19</sup> Draft Chapter 12, s.12.04.02

<sup>20</sup> Draft chapter 12.

<sup>21</sup> Draft chapter 13, s.13.05.03b.

that it will not be enough for a claim to contain some elements that are statutory and others that are new and non-obvious; rather, the claim will have to contain a “statutory contribution”, meaning at least one feature that is statutory, novel and non-obvious.

Under the proposed MOPOP revisions, a claim directed to a device or machine, which until now would have inevitably been recognized as statutory subject-matter in Canada, the United States, the European Patent Office and most if not all other countries in the world, can now be rejected as non-statutory if the novel and non-obvious features of the claim do not overlap with the features that the Office views as statutory features.<sup>22</sup>

In footnote 9 of proposed Chapter 13, it is alleged that the “contribution” approach is conceptually similar to approaches adopted in British and European decisions, albeit with significant modifications and distinctions. We point out, however, that the persuasiveness of foreign decisions in Canada strongly depends upon the extent to which such decisions are founded upon similar statutory provisions and in respect of statutory subject matter determinations in particular, the statutory provisions are quite different.

The definition of “invention” in Section 2 of the Canadian *Patent Act* bears no similarity whatsoever to any definitions of statutory subject-matter found in the UK *Patents Act, 1949*, the UK *Patents Act, 1977* or the *European Patent Convention*. Moreover, the UK and European statutes include lengthy lists of express statutory exclusions from patentability which are not found in the Canadian *Patent Act*. For this reason, the Supreme Court of Canada has cautioned on numerous occasions that British and European authorities on the scope of statutory subject-matter are not persuasive in Canada due to the significant statutory differences between Canada’s definition of “invention” and the counterpart provisions in Europe.

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<sup>22</sup> S.12.06.06b; 13.05.03c.

More fundamentally, although the question whether foreign authorities are persuasive in Canada may be open for a Canadian court to decide, it is not open to the Commissioner to do so. Section 40 of the *Patent Act* prohibits the Commissioner from importing European-style rejections into Canadian practice, except to the extent that they are expressly authorized by the *Patent Act*, the *Patent Rules* or Canadian Court decisions.

As discussed above under a separate heading, when considering questions of patentability, it is the patentability of the claimed invention that must be assessed. Section 27(4) of the *Act* expressly confirms that the role of the claims is to define the “invention” for which a patent is sought:

s. 27(4) The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed.

Thus, in accordance with s.27(4), “the invention” means the subject-matter defined by a claim. It is this subject-matter defined by each claim that must be analyzed for compliance with the definition of “invention” in Section 2.

Section 27(4) does not authorize the “invention” to be defined by some subset of the claim or the disclosure that may be referred to as the “contribution” of the inventors. Rather, Section 27(4) provides that it is the claim that defines the subject-matter of the invention. Accordingly, for the Office to define the invention based on anything less than the entirety of the subject-matter defined by the claim, is a contravention of s.27(4) of the *Act*.

Thus, Sections 28.2 and 28.3 merely require “the subject-matter defined by a claim” to be novel and non-obvious. This statutory wording clearly requires novelty and obviousness to be assessed on the basis of the full subject-matter defined by a claim, i.e., the claim as a whole. It is a well-established principle in Canadian law that novelty and obviousness must be assessed on the basis of



