Patentable Subject Matter in Canada

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Outline

- Background
- Recent Cases
  - Amazon “1-Click”
  - U-Haul
- Post-Amazon Approach to Subject Matter
- New MOPOP chapters

Background

Background

- Novelty
- Non-Obviousness
- Utility
- Patentable Subject Matter

Background

- *Patent Act*, s. 2:
  - "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

Background

- *Patent Act*, s. 27(8):
  - No patent shall be granted for any mere scientific principle or abstract theorem.

Background

- *Schlumberger*
- Related to a method of seismic prospecting involving the recording and analysis of measurement data.

- Held by the Federal Court that the invention was directed to mere calculations and the application was rejected as unpatentable.

Background

- Court held that by discovering that by merely making certain calculations according to certain formulae, that useful information could be extracted from certain measurements is not an invention within the meaning of the *Act*.
- Important points:
    1. Ask what has been discovered according to the patent application?
    2. Fact that a computer has been used in the process of implementing a discovery does not change the nature of the discovery.
- CIPO in previous draft guidelines (Draft Chapter 26 that had been proposed in 2003) has said that the main defect in the application was in the computer implemented system, and if lesser dependence on human judgment had been shown through more integration of the data processing system this would have been patentable.

Background

- Business methods are not patentable in Canada?
- *Lawson v. Commissioner of Patents*, dealt with a method of subdividing land.
  - Court held that a method of subdividing land lies in the skill of a Solicitor and Conveyancer.
  - Regarding the meaning of the term "art" in the definition of invention, the Court stated that " an art or operation is an act or series of acts performed by some physical agent upon some physical object and producing in such object some change either of character or of condition."

Background

- *Shell Oil* dealt with a new use for an old compound, with respect to *Lawson* held that the application in *Lawson* was not rejected because the subject matter was not an 'art' but rather because it related to professional skill.

- "art" was a word of very wide connotation and was not to be confined to new processes or products or manufacturing techniques but extended as well to new and innovative methods of applying skill or knowledge provided they produced effects or results commercially useful to the public.

Background

Progressive Games, Inc. v. Commissioner of Patents, looked at the patentability of an application dealing with a poker game (a modified version of five card stud).

The Federal Court held that the Applicant's change in the method of playing poker did not result in an innovative method of applying skill or knowledge.

Background

- The *Harvard Mouse* case although not dealing specifically with business methods, may have an impact on the patentability of business methods.
  - The case dealt with the definition of “invention” as found in the *Act*. The court found that “invention” should not be broadly interpreted, as the statute used an exhaustive definition of “invention” which signaled a clear intention to include certain subject matter as patentable and to exclude other subject matter.

Background

- **What was (is?) patentable in Canada?**
- Canadian examiners were (are?) allowing computer implemented business methods.
  - 2,186,113 “Computer System and Method for Determining a Travel Scheme Minimizing Travel Costs for an Organization”
  - 2,273,971 “In-store Points redemption system and method”

Background

- CIPO position re: methods as of 2005:
  - *an act or series of acts performed by some physical agent upon some physical object and producing in such object some change either of character or of condition; and*
  - *must produce an <u>essentially economic result</u> relating to trade, industry or commerce*

Amazon

Amazon "1-Click"

- 1-Click online ordering scheme
- 75 method and system claims, e.g.:
  - A method in a client system for ordering an item, the method comprising:
  - […] displaying information identifying the item and displaying an indication of a single action that is to be performed to order the identified item […]

Timeline

- Filed “1-Click” patent application in 1998
- Examiner’s final rejection in 2004
- Patent Appeal Board decision in 2009
- Federal Court appeal underway
  - Decision expected this year

Result

- Examination:
  - Rejected for obviousness [only?]
- Patent Appeal Board:
  - Overturned obviousness rejection
  - All claims rejected for lack of statutory subject matter
  - Even system claims rejected

U-Haul

U-Haul

- Patent Appeal Board decision in January 2010
- Method and system to monitor and track vehicle repair records and service status information in a coordinated fashion

U-Haul

- A method of tracking and disseminating vehicle repair record and service status information at a plurality of geographically remote service locations, comprising the steps of:
- […] generating an availability prediction […] based on the vehicle service status information contained in said vehicle status database […]

Result

- Non-patentable subject matter
- The claims are directed to:
  - Non-technological features
    - In substance
    - Some also in form
  - Non-statutory categories
  - Business method

Patentable Subject Matter Post-Amazon

Manual of Patent Office Practice

Changes

- Recent changes:
  - Chapter 12: Utility and Subject Matter
  - Chapter 13: Examination
- Upcoming changes:
  - Chapter 9: Description
  - Chapter 16: Computer implemented inventions

12: Utility and Subject Matter

- Introduces “technological” requirement
- Excludes business methods
- Method:
  - an act or series of acts performed by some physical agent upon some physical object and producing in that object some change of either character or condition
- Consistent with approach in *Amazon*

13: Examination

- "Form and substance" approach to be applied
- Consistent with approach in *Amazon*

New Approach

- Claimed invention must:
  1. Fall into one of the five categories of statutory subject matter
     - art, process, machine, manufacture, or composition of matter
  2. Not be directed to excluded subject matter
  3. Be “technological”

New Approach

- All claims to be assessed in “form” and “substance”
- Form:
  - What the language of a claim, on its face, appears to be defining as the invention
- Substance:
  - The solution to a particular problem to which, in view of the specification as a whole, the applicant appears to be directing the claim

New Approach

- The claims are analyzed to determine its "contribution"
  - Identify statutory and non-statutory features (discrete elements)
  - Once discrete elements have been identified, have the following three cases:
    - The claim includes only statutory discrete elements;
    - The claim includes only non-statutory discrete elements; and
    - The claim includes both statutory and non-statutory discrete elements

New Approach

- Excluded subject matter:
  - Scientific principle and abstract theorems—s. 27(8) of the *Patent Act*
  - Methods of medical treatment or surgery
  - Higher life forms
  - Forms of energy

New Approach

- Other considerations:
  - Features of solely intellectual or aesthetic significance
  - Schemes, plans, rules and mental processes
  - Fine arts
  - Printed matter

New Approach

- Games
- Computer-related inventions
- Computer-related method claims
- Computer-related device claims
- Carrier substrates and storage media

New Approach

- New uses
- Uses of novel and inventive means
- Uses to achieve non-analogous results
- Uses to achieve analogous results
- Medical uses

Amazon’s Appeal

Appeal: Amazon's Position

- PAB erred in law by:
  - relying on inapplicable foreign law
  - misstating and misapplying binding Canadian jurisprudence
  - creating a new legal framework, as a matter of policy, excluding business methods
  - exceeding statutory mandate

Appeal: CIPO Position

- Amazon's "innovation" is not necessarily an "invention"
- Not a "process" or "art" as intended in patent law
- Business method "in substance"
- "Non-technological"

Appeal: Points in issue

- Definition of “invention” in s. 2 of *Patent Act*
  - Should “art” and “process” be restricted to “an act or series of acts performed by some physical agent upon some physical object to produce in that object some change of either character or condition?”

Appeal: Points in issue

- *Per se* exclusion of business methods
- Requirement that all patentable subject matter be “technological”
- Patentability of Amazon application under either standard

Appeal: Points in issue

- Correct approach to claim construction with respect to subject matter
  - "form" vs. "substance"
- Consideration of claims as a whole when assessing subject matter
  - Should only "new and non-obvious" elements be considered?

Appeal: Reliance on foreign law

- Amazon:
  - UK and Europe have different statutory regimes
    - No definition of “invention” at all
    - Only statutory exclusions
  - Definition of “invention” in Canadian *Patent Act* is grounded in US statutes

Reliance on foreign law

- CIPO Position:
  - Canadian statutes must be understood in the context of British common law
    - Unlike in US, rationale for grant of patent is “the introduction of a new trade or a new manufacture within the realm”

Meaning of “art” or “process”

- Depends on interpretation of *Shell Oil*
- Amazon’s interpretation:
  - Broad interpretation of “art”
  - Extends to “new and innovative methods of applying skill or knowledge provided they produced effects or results commercially useful to the public” (*Shell Oil*)

Meaning of “art” or “process”

- Commissioner’s interpretation:
  - *Shell Oil* restricted to “new use” claims
  - Meaning of “process” restricted to manufacture of material thing
  - *Lawson* test still applicable:
    - “change in character in a physical object”

Exclusion of business methods

- Amazon:
  - No valid legal authority for exclusion
  - No authority for *creating* exclusion
  - No "tradition" that business methods unpatentable

  - Correct approach is to "assess patentable subject matter for *any claimed invention*"

Exclusion of business methods

- CIPO:
  - Monopolies contrary to public interest
  - Courts have duty to ensure proper intent of “patent bargain” is realized
  - Public should not be expected to pay price for invention “whose subject matter does not fall squarely within the scope of patentability that Parliament intended”

“Technological” requirement

- Amazon:
  - No basis in law
  - Reliance upon UK and European case law inappropriate
  - Parliament defines categories of invention
    - No authority for Commissioner to limit
  - Inconsistent even with recent CIPO practice (e.g., MOPOP on games)

Claim construction

- Amazon:
  - Two step “form and substance” construction rejected in *Free World Trust*
  - PAB decision ignores *Free World Trust*
  - Also wrong to separate “new” and “known” elements when considering subject matter
  - Proper approach is purposive construction of the **claims** as a whole

Claim construction

- CIPO:
  - "Principles of claim construction should not be confused with considerations for identifying the substance of an invention"
  - Purposive construction inadequate for assessing subject matter
  - The "patented invention is not necessarily co-extensive with the patent claims"

Claim construction

- “Where the language of the claims does not coincide with the actual contribution to the art made by the invention, then the question of patentable subject matter must be addressed by first determining what has been discovered.”

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