Goodmans LLP Update

Federal Court Overrules Patent Office Approach to the Review of Patent Applications for Computer-implemented Inventions

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The Federal Court's recent decision in *Choueifaty v. Attorney General of Canada* will raise the hopes of applicants for patents for computer-implemented inventions. Before *Choueifaty*, the Commissioner of Patents had used a so-called problem-solution approach to determine whether such applications contained patentable subject matter. In practice, this approach led to the rejection of many patent applications. While definitive in striking down the problem-solution approach and rejecting any deference to the Commissioner's interpretation of the case law, the *Choueifaty* decision did not define the circumstances in which a computer-implemented invention will be patentable. Whether this decision survives appeal, and whether the law develops to encourage the issuance of these types of patents, remains to be seen.

Background

Under the *Patent Act*, "no patent shall be granted for any mere scientific principle or abstract theorem". Canadian courts have interpreted this provision to preclude patents for processes which merely automate calculations that could have otherwise been done by hand and where the only inventive aspect is an algorithm. However, when a computer implementation is an element of a novel combination, the combination as a whole may be patentable.

The assessment of whether a patent claim relates to proper subject matter begins with a construction (i.e., an interpretation) of the claim in issue. In 2000, the Supreme Court directed that claims construction be conducted purposively. A claim is construed by reading each of its elements in a manner sympathetic to the inventor's purpose, as gleaned from the language the inventor used in the patent. A claim element is considered essential if the language indicates the inventor considered it essential, or if the skilled person reading the claim as of its publication date would not find it obvious that a variant of the element could be substituted without affecting how the invention works. In 2011, in the *Amazon.com* case, the Federal Court of Appeal confirmed the Commissioner was to apply a purposive construction to its consideration of whether a claim in a patent application meets the *Patent Act's* subject matter requirements.

The Canadian Intellectual Property Office (CIPO) publishes the "Manual of Patent Office Practice" (MPOP) to set out the policies the Commissioner will apply to its examination of patent applications. In 2013, the Commissioner supplemented this manual with a Practice Notice entitled "Examination Practice Respecting Computer-Implemented Inventions". Together, this internal guidance provides that a patent claim will have proper subject matter "where a computer is found to be an essential element of a construed claim" and that, to determine whether the computer is an essential element, examiners must review the patent specification to identify the problem faced by the inventors and the solution described by the patent.

With the problem and solution in mind, the examiner construes the claims to determine whether the elements in the claims are essential or not. The essential elements of a claim are only those that are necessary to achieve the disclosed solution to the identified problem. As commentators had long complained, this latter analysis was contrary to the settled principles of purposive construction in the Supreme Court of Canada because the inventor's intention as to whether a particular element is essential was not considered.

The Decision in *Chouiefaty*

Mr. Choueifaty's Patent Application, entitled "Method and Systems for Provision of an Anti-Benchmark Portfolio", provides a computer implementation of a method for selecting and weighing investment portfolio assets that minimizes risk without impacting returns. The Commissioner of Patents, accepting the view of the Patent Appeal Board, rejected this application. Applying the problem-solution approach, the Panel concluded that the essential elements of the claims were "directed to a scheme or rules involving mere calculations" for weighing securities. The claims reflected an "optimization procedure" and not a "computer implementation" that improved processing speed. Mr. Choueifaty appealed the Commissioner's rejection to the Federal Court. The Federal Court rejected the Commissioner's view that the *Whirlpool* and *Free World Trust* approach to patent construction need not be followed when an examiner construes a claim in a patent prosecution. Zinn J. reviewed this aspect of the Commissioner's decision on a correctness standard. Relying on *Amazon.com*, Zinn J. observed that "the Federal Court of Appeal [found] that the Commissioner is required to apply the purposive construction test as set out in *Whirlpool* and *Free World Trust*". A claim element is non-essential only if (i) on a purposive construction of the words of the claim it was clearly not intended to be essential, and (ii) that at the date of publication of the patent, the skilled addressees would have appreciated that a particular element could be submitted without affecting the working of the invention.

Zinn J. agreed with Mr. Choueifaty that the problem-solution approach to claims construction is akin to using the "substance of the invention" approach, which was discredited by the Supreme Court of Canada in *Free World Trust* [and] fails to respond to the issue of the inventor's intention. Regarding the inventor's intention, the Court, citing paragraph 51 of *Whirlpool*, stated: "The words chosen by the inventor will be read in the sense the inventor is presumed to have intended, and in a way that is sympathetic to accomplishment of the inventor's purpose expressed or implicit in the text of the claims."

The Court concluded that the Commissioner erred in construing the essential elements of the claimed invention and directed that the matter be returned to the Commissioner to freshly assess the patentability of Mr. Choueifaty's application in accordance with the Court's reasons.

Looking Forward

The *Choueifaty* decision, if upheld on appeal, can be viewed as helpful to applicants for patents for computer-implemented inventions. The combination of CIPO's position that "where a computer is found to be an essential element of a construed claim, the claimed subject matter will generally be statutory" and the implication of *Choueifaty* that inventors are free to designate any element of their claims as essential, could mean that applicants could always draft their patent applications for computer-implemented inventions to meet the *Patent Act's* subject matter requirements. In this scenario, earlier cases like *Schlumberger* may be questionable, with their analysis focused on the problem-solution paradigm, rather than on purposive construction of the claim in issue the Supreme Court subsequently adopted.

However, this is not the only possibility. The prohibition on the patenting of abstract theories remains in the *Patent Act* and courts may continue to view computer-implemented inventions in this light. Even in *Choueifaty*, Zinn J. noted the Commissioner failed to adequately address that a purpose of the invention was to improve computer processing and that this aspect of the invention requires closer examination. This comment may implicitly endorse the distinction made in the Commissioner's guidance, and by the Patent Appeal Board in *Choueifaty,* between solutions to a "computer problem" (i.e., a problem with the operation of a computer), which are generally patentable, and solutions to other problems where the computer was used as a convenience or afterthought, which are not. A patentable invention may still require a physical transformation to distinguish it from an unpatentable, abstract theory. We expect this issue to received increased attention in the months and years ahead.

For further information concerning the Federal Court's decision or computer-implemented inventions generally, please contact any member of our Intellectual Property Group.

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