



Sana Halwani
416-865-3733
shalwani@litigate.com



Jim Lepore
416-865-2881
jlepore@litigate.com

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Benjamin Moore: An Opportunity Missed

It has been approximately six months since the Federal Court of Appeal's decision in *Canada (Attorney General) v Benjamin Moore & Co* (the "*Benjamin Moore Appeal*") was released, yet no practice direction has been issued from the Canadian Intellectual Property Office ("CIPO") to address the decision, and there is no consistency in the way that computer-implemented inventions are being examined. As the patent bar awaits a decision on the leave application to the Supreme Court of Canada, we provide our thoughts on the Federal Court of Appeal's decision, and the missed opportunity it was.

Associate Chief Justice Gagné's decision in *Benjamin Moore & Co v Attorney General of Canada*, 2022 FC 923 ("*Benjamin Moore*") marked the second time that the Federal Court weighed in to tell the Commissioner that it was not applying the correct test for patentability of computer-implemented inventions. Unlike past decisions, the Court in *Benjamin Moore*, provided instructions on how the Commissioner ought to assess patentability of such inventions. As we noted in our comment on *Benjamin Moore* (available here), these instructions appeared to level the playing field – reducing the artificially high standard that computer-implemented inventions face during patent examination. As a top line, this was a victory for all innovators. As subsequently noted by Professor Norman Siebrasse, the instructions from *Benjamin Moore* "won't answer all the difficult questions, but it does provide a sound framework for doing so".

The Federal Court of Appeal in *Benjamin Moore Appeal* found that these instructions were unnecessary. Although our practice is limited to intellectual property litigation, we expect professionals drafting and prosecuting patents across Canada might disagree.

Many had hoped that the Federal Court of Appeal would take this opportunity to endorse the instructions from *Benjamin Moore* and definitively clarify the law in this area. Instead, the law is left unchanged, or, on a cynical reading, further confused by comments from the Court that confound patent law doctrines and contradict established Supreme Court of Canada jurisprudence.

In our view, underpinning the result in *Benjamin Moore Appeal*

is its extremely unique procedural history. This is described in greater detail in the sections below; however, in brief, the Federal Court of Appeal strongly disagreed that *Benjamin Moore* was the proper case to clarify the law for largely procedural reasons. In expressing its procedural criticisms – including that the Intervenor (the Intellectual Property Institute of Canada, IPIC) proposed the impugned instructions – the Federal Court of Appeal pointed to outliers and edge cases as examples of where the Federal Court’s instructions might fall short. As Professor Siebrasse noted, and we expect most would agree, the instructions won’t answer every difficult question, but, in our view, that is no reason to throw the baby out with the bathwater.

Background

The Commissioner of Patents only grants patents for inventions that claim subject matter set out in the *Patent Act* (i.e., art, process, machine, manufacture or composition of matter) and not “mere scientific principle or abstract theorem.”

In 2011, the Federal Court of Appeal, in the context of Amazon’s patent application for its one-click technology, provided guidance to applicants and the Commissioner on (i) whether a business method can ever be patentable subject matter and (ii) whether patentable subject matter must be something with physical existence or something that manifests a discernible effect or change (see *Canada (Attorney General) v Amazon.com, Inc*, referred to in this comment as “*Amazon*”). The Federal Court of Appeal answered both questions in the affirmative. It also ordered the Commissioner to re-examine the patent, which was later granted without substantive amendment.

In its analysis in *Amazon*, the Federal Court of Appeal confirmed that the “determination of subject matter must be based on a purposive construction of the patent claims” (i.e., not solely the inventive concept of those claims or the substance of the invention used by the Commissioner).

In response to the Federal Court of Appeal’s decision in *Amazon*, CIPO issued a Practice Notice entitled Examination Practice Respecting Computer Implemented Inventions – PN 2013-03 (the “2013 Practice Notice”).

The 2013 Practice Notice focused examination on essential elements rather than claimed subject matter. In practice, however, the way CIPO identified essential elements was problematic – dissecting the claimed invention into novel and not novel elements and then analyzing only the elements deemed novel in the subject matter analysis. This approach results in an improper determination of subject matter, which

was akin to the “inventive concept” or “substance of the invention” approaches repudiated in *Amazon*. As a result, patents implemented using a computer were unnecessarily held to a higher standard than the *Patent Act* required.

In the nearly ten years following *Amazon*, the Federal Court did not have an opportunity to weigh in on this issue. That changed in August 2020, with the Federal Court’s decision in *Choueifaty v Canada (Attorney General)* (“*Choueifaty*”). *Choueifaty* was an appeal from a decision of the Commissioner refusing a patent application on the ground that the essential elements of the claimed patent fell outside the subject matter set out in the *Patent Act*. The Federal Court allowed the appeal and determined that the Commissioner had not applied the proper test when construing the essential claims of the patent application. In brief, the Commissioner used a “problem-solution approach” to determine the essential elements of the claimed invention, which was akin to using the “substance of the invention” approach discredited by the Supreme Court of Canada in *Free World Trust v Électro Santé Inc* (see *Choueifaty*, here).

In response, the CIPO released a practice notice (entitled “Patentable Subject-Matter under the *Patent Act*”) (the “2020 Practice Notice”), which provided CIPO’s interpretation of the *Patent Act* in light of *Choueifaty*. As we noted in our comment on *Choueifaty* (available here), the 2020 Practice Notice was problematic. It “does not track the language of the decision precisely and may leave room for patent examiners to more broadly refuse applications of this type.” For example, the 2020 Practice Notice:

- Referred to the identification of the “actual invention” – a term that did not feature prominently in *Choueifaty* – which seemed well placed to morph into an independent question not based on a purposive construction, contrary to Federal Court jurisprudence (see *Amazon*, here and here).
- Indicated that “a computer used in a well-known manner will not be sufficient to render these patentable”, which appeared to improperly confound questions of novelty and obviousness with questions of patentable subject matter.

Unique Procedural History

Benjamin Moore – after *Amazon* and *Choueifaty* – was the next appeal from the decision of the Commissioner to refuse a patent application based on non-patentable subject matter.

Significantly, the patent application in *Benjamin Moore*, like *Choueifaty*, was examined pursuant to the 2013 Practice Notice, not the 2020 Practice Notice, which was issued “six months after the impugned decisions were rendered.”

Everyone (the Applicant, the Attorney General, and the Intervenor) agreed that “the Commissioner has erred in her assessment” of the applications at issue. The only question was the appropriate remedy – *i.e.*, whether the Commissioner should be ordered to:

- (i) Re-examine the application without further instruction (the Attorney General);
- (ii) Grant the applicant or, in the alternative, re-examine the application with a direction to “follow the leading Supreme Court of Canada decisions” (the Applicant, Benjamin Moore); or
- (iii) Re-examine the application with precise instructions to the Commissioner on the redetermination (the Intervenor, IPIC).

Perhaps recognizing that (i) granting the application was never in line with the Federal Court of Appeal’s decision in *Amazon* and (ii) the Commissioner has always purported to follow leading Supreme Court of Canada decisions despite the problems with the 2020 Practice Notice, the Applicant, Benjamin Moore, abandoned its position, adopted IPIC’s framework as an appropriate statement of the law, and pushed forward for these precise instructions. The IPIC-proposed framework requires examiners to:

- a) Purposively construe the claim;
- 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.

Weighing these positions, the Court declined to remit the matter to the Commissioner. Instead, Associate Chief Justice Gagné held that “the determination of the proper legal test to be applied is well within the purview of” the Federal Court.

On the question of what the proper test was, the Court noted that the 2020 Practice Notice (which was admitted into evidence by the Case Management Judge) had “very little bearing on this case” before holding that “the legal framework

proposed by [IPIC] and endorsed by the [a]pplicant is in keeping with the Supreme Court’s teachings” and the Federal Court of Appeal’s decision in *Amazon*. Accordingly, the Court found that the framework was “the proper procedure for claims construction and identifying patentable subject matter.” The applications in question were remitted to CIPO for a new determination along with a direction to follow IPIC’s framework. The Commissioner appealed to the Federal Court of Appeal, asking it to “quash the test set out” in *Benjamin Moore*.

The Appeal & Divergence of Position between Benjamin Moore and the Intervenor

In *Benjamin Moore Appeal*, the Federal Court of Appeal was openly critical of the procedural history. For example, the Court noted that “what started as a relatively simple matter [...] degenerated into what could be considered a reference on subject matter patentability under section 2 of the Act”, and Court noted that the “manner in which [these challenging questions in an area fraught with complexities] were raised was also most unusual, which did not contribute to their expeditious consideration”.

Exacerbating matters, the Federal Court of Appeal criticized the Applicant’s submissions and shifting position on relief, repeatedly remarking on its “evolving” position from its Notice of Appeal, which did not include the framework granted. The Federal Court noted that “it is established that intervenors cannot seek a remedy that was not sought by the parties themselves”. Although the Applicant was likely to benefit from the application of the IPIC framework, it only belatedly “endorsed” this test at first instance, instead of formally seeking this relief. The Applicant later distanced itself from the test on appeal, claiming to be suffering prejudice “while a test **it did not even request** itself is being debated”.

In light of (1) the unique procedural history, (2) the divergence of position between the Applicant and Intervenor, and (3) the role of the Intervenor in the appellate process, the Federal Court of Appeal took an extremely dim view of IPIC’s framework: “it appeared essentially to be a reference seeking a pure declaratory judgment on issues that did not form the basis of the Commissioner’s decisions”. In the Federal Court of Appeal’s view, IPIC’s framework was an end-around the test for declaratory judgment, noting that – even had general declaratory relief been properly sought – “the failure to consider the four-part test applicable to the general declaratory relief granted here would be an error in principle that would justify our intervention”.

Although potentially unsatisfying to professionals drafting and prosecuting patents across Canada, this characterization of IPIC's framework as unsolicited declaratory relief is principled, albeit technical, and sufficient to decide the *Benjamin Moore Appeal* in favour of the Commissioner. Simply put, the Court was of the view that the commissioner's decision in *Benjamin Moore* – considering the 2013 Practice Notice and not the post-*ChouEIFaty* 2020 Practice Notice – was not the right backdrop to consider the viability of the 2020 Practice Notice. Instead, the application ought to be sent back to CIPO for examination pursuant to the 2020 Practice Notice, and with the benefit of the determination of the challenge to that guidance document and CIPO's current practice presently before the Federal Court. However, because this conclusion was not canvassed at the hearing, the Federal Court of Appeal characterized this conclusion as "general comments, which have no impact on the outcome of the appeal." Unsurprisingly, the remainder of the decision reaches the same outcome. However, there are several principles articulated that are difficult to reconcile.

First, the Federal Court of Appeal defends CIPO's conduct.

In particular, the Federal Court of Appeal found that it is "a step too far to conclude that a specialized administrative decision maker like the Commissioner is refusing to follow the case law of the Federal Courts and the Supreme Court of Canada in respect of purposive construction". Perhaps no evidence was advanced on this point, but several internal CIPO documents, obtained via access to information request, suggest that CIPO's practice – including the 2013 Practice Notice – was challenged internally as, e.g., "inconsistent, if not with the FCA Amazon decision, then with SCC precedents" and "painting a big sign on [CIPO's] practice that says 'appeal'" unless CIPO "limits its approach to purposive construction", as opposed to "a smaller subset of elements comprising the inventive concept" (see for example here). Given these internal concerns and the repeated reprimands for failing to undertake purposive construction on review, it is at least arguable that CIPO requires more specific directions to ensure binding precedent is followed.

Second, the Federal Court of Appeal suggests that purposive construction may be insufficient to guard against tricky drafting. In particular, the Federal Court of Appeal relies on the article linked here to suggest the presumption that all elements of a claim are essential unless established otherwise somehow renders purposive construction inadequate to address questions of patentable subject matter. This is difficult to reconcile because the article merely notes that this presumption, in practice, may have "failed to provide

the degree of protection against infringement intended by the Supreme Court". There is no suggestion in the article that overuse of the presumption of essentiality in litigation correlates in any way with claims "expressed in a manner that is deliberately or inadvertently deceptive". Instead, the article notes that "there may be more allowances of applications," but there may be repercussions with respect to infringement because "any single element may vary to avoid infringement".

Third, the Federal Court of Appeal may have inadvertently invited a confounding of separate legal doctrines. While denouncing the implied order of operations in IPIC's framework – noting that "patentability elements need not be considered by the Commissioner in any particular order" – the Federal Court of Appeal's comments might be read to suggest that other requirements of patentability (e.g., novelty and obviousness) may bear on patentable subject matter (noting "this important question, which has been the subject of much controversy in the United States and Australia, has never been addressed in Canadian case law"). It is unclear on what basis the Federal Court of Appeal might suggest confounding analysis under distinct statutory provisions or the persuasive value of international decisions in the context of different statutes. However, if one was to look at the end result of the international experience, Professor Siebrasse concisely summarizes this:

The US has a much more extensive jurisprudence on patentable subject-matter, and despite numerous SCOTUS decisions, **the area is a complete train-wreck [...]. That is not a road we should follow.** [emphasis added]

As the Court notes later in *Benjamin Moore Appeal*, "the determination of patentability is a highly fact specific exercise, and it is impossible to attempt to define the full spectrum of particular circumstances that may exist depending on the nature of a particular invention [...]". Although the IPIC framework might impliedly set out an order in which patentability criteria are assessed, there is no substantive reason to argue this is problematic or somehow alters the result of the analysis. A patent lacking novelty or ingenuity will not be allowed under the doctrines of novelty and obviousness – it is unclear why Canadian law would confound these principles with an already complicated patentable subject matter analysis to accomplish the same result.

Takeaways

Benjamin Moore Appeal is a loss for Canadian innovation. The Federal Court of Appeal missed an opportunity to clarify the law of patentable subject matter and to send a message to CIPO

that its examination practices were lacking. Instead, the Federal Court of Appeal complicated an already complicated area of the law, which will increase the costs of innovators to register their technologies in Canada.