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Calling the Bluff on "Actual Invention": More Guidance from the FC to CIPO on Patentable Subject-Matter

Dusome v Canada (Attorney General) (“*Dusome*”) is the latest successful appeal from a decision of the Commissioner of Patents refusing a patent application on the basis of non-patentable subject matter.

Background

In *Dusome*, the Federal Court set aside the Commissioner of Patents’ decision refusing an application for a patent for a “Method of Playing a Card Game” (the “028 Application”). The Commissioner had refused the application on the basis that the invention claimed was not an invention under section 2 and wasnon-patentable subject matter under section 27(8) of the *Patent Act*, as a “mere scientific principle or abstract theorem.” Disappointingly, the Federal Court in *Dusome* did not provide a test for subject matter patentability. As we previously commented here, this area of law continues to lack clarity following the Federal Court of Appeal’s missed opportunity to clarify a test in *Canada (Attorney General) v Benjamin Moore & Co* (“*Benjamin Moore Appeal*”).

The Court emphasized that the subject matter of a claim is determined through purposive claims construction. The Court also addressed the guidance provided in the Canadian Intellectual Property Office’s (“CIPO”) revised Patent Office notice entitled Patentable Subject-Matter under the *Patent Act* (the “2020 Practice Notice”). In the 2020 Practice Notice, CIPO considers the patentability of subject matter in light of the Federal Court’s decision in *Choueifaty v Canada (Attorney General)* (“*Choueifaty*”). We previously commented on *Choueifaty* (available here) and the *Benjamin Moore Appeal* (available here) noting concerns with the 2020 Practice Notice.

First, the 2020 Practice Notice states that the “actual invention” must have either physical existence or manifest a discernible physical effect or change, must relate to the manual or productive arts, and must be grounded in a purposive construction of the claim. We previously cautioned that the task of identifying an “actual invention” risks morphing into its own, independent question not based on a purposive construction of

the claims. The Federal Court in *Dusome* did not go so far as to denounce the identification of an "actual invention," but emphasized that determining whether the subject matter of a claim is patentable must be grounded in the purposive construction of the claim.

Also relevant, the 2020 Practice Notice provides that if a computer is merely used in a well-known manner, this will not be enough to render a disembodied or abstract idea patentable. We previously commented that this guidance may improperly confound questions of novelty and obviousness with questions of patentable subject matter. The Federal Court provided welcome guidance to the Commissioner on how to discern whether subject matter is patentable where an invention uses a computer, rather than denying patentability whenever a computer is simply used.

The Federal Court's Decision

Purposive Construction was Deficient

The Commissioner began its purposive construction of the claims by defining the Skilled Person and their common general knowledge and concluded that all elements across all of the 028 Application claims are essential. Despite the Commissioner correctly stating the law on purposive construction, the Federal Court found that he failed to properly construe the claims by failing to isolate and give meaning to descriptive words and phrases to identify the elements of the claims as they were contemplated by the inventor, and which define the subject matter of the claims. Further, despite identifying the Skilled Person, the Commissioner made no attempt to construe the representative claim through their eyes.

The "Actual Invention" Was Not Grounded in Purposive Construction

As provided for in the 2020 Practice Notice, the Commissioner considered whether the "actual invention" of the 028 Application was directed to patentable subject matter. The Commissioner defined the actual invention of the 028 Application as rules for a new poker game played either with physical playing cards or on a computer. The Federal Court found, however, that because the Commissioner did not purposively construe the claims, his identification of the actual invention of the 028 Application was contrary to law. The Commissioner incorrectly stated that "the courts have not ruled it impermissible to determine the actual invention as distinct from the essential elements of the construed claims." This, in fact, was *squarely rejected in Amazon.com Inc v Canada (Attorney General)* ("*Amazon*").

The Approach to "Actual Invention" Was Improper

Our concerns about the "actual invention" analysis aside, the Federal Court clarified the proper determination of the "actual invention" in assessing patentable subject matter. The Attorney General argued that the Commissioner's analysis was in line with *Amazon* and *Benjamin Moore Appeal*. In our view, the Court correctly rejected the Attorney General's argument, emphasizing that determining what the inventor actually invented forms part of purposive construction. This would seem to suggest a welcome shrinking of the gap between purposive construction and determining "actual invention".

The "Actual Invention" Assessment Was Substantively Flawed

Following the 2020 Practice Notice, the Commissioner asked whether the "actual invention" had physicality. Because a patent cannot be granted for an abstract idea, jurisprudence implies that patentable subject matter must have physical existence or manifest a discernible effect or change. The Commissioner excluded physical playing cards from the "actual invention" as lacking novelty and ingenuity, and likewise treated the computer's operation as "generic," concluding that it was not part of the "actual invention." Without a physical component or discernible effect, he characterized the "actual invention" as an abstract algorithm barred by section 27(8). The Commissioner effectively read out the physical aspects of the invention and then concluded that there were none.

The Federal Court noted that this incorrect approach would fail to recognize certain types of inventions, including those that claim the discovery of new properties, uses or methods. While the Court understood the Commissioner to be attempting to give effect to the *Benjamin Moore Appeal*, the Court emphasized there is no need for a separate inquiry; purposive construction already addresses "what is new" in context. The Court also criticized the Commissioner's failure to heed the warning in the *Benjamin Moore Appeal* not to hastily find ineligibility merely because conventional computer technology is involved.

The Art Assessment Used the Wrong Yardstick

The Commissioner considered whether his description of the "actual invention" is an "art" among the manual and productive arts, as in the 2020 Practice Notice. He found that a method of playing poker is not art because it does not change the character or condition of anything material. However, the Federal Court found that the Commissioner used the wrong definition; per *Amazon*, an invention need not cause a physical change to be "art." The Federal Court also found that the

Commissioner's reliance on *Progressive Games* was not a valid basis; each case turns on its facts and the state of knowledge at the time, as *Amazon* and *Benjamin Moore Appeal* explain.

The Commissioner also relied on 17.03.09 of the Manual of Patent Office Practice (MOPOP), which states that a manner of playing a game or sport does not solve a practical problem and is therefore non-statutory. The Federal Court found that this reliance was contrary to *Amazon* which requires grounding refusals in the *Patent Act*. The Federal Court emphasized that there is no prohibition *per se* on patenting subject matter related to card game rules.

Guidance to the Commissioner

The Court provided specific guidance on purposive construction of the 028 Application's claims. First, the Commissioner should consider how the Skilled Person would read the claims in light of the disclosure, including what the appellants sought to achieve over the art of poker and the benefits of their wagering poker events/games. The Court also signalled that a novel business method may be an essential element of a valid claim. Only after properly construing the claims should the Commissioner consider subject matter patentability. Further, rather than simply applying *Schlumberger Canada Ltd v Commissioner of Patents* ("*Schlumberger*") to any claim involving a computer, the Commissioner should consider whether *Schlumberger* is distinguishable because the rules of the game and the use of cards and a computer are not the whole invention, but part of a novel combination of essential elements.

Key Takeaways: Implications for Patentability

Despite the Federal Court's guidance, there is still no test for subject matter patentability. One comfort we take from *Dusome* is confirmation that the "actual invention" consideration is not a second step outside of purposive construction. However, the Federal Court of Appeal's use of the term, and the term's incorporation into the 2020 Practice Notice may lead other decision makers to define the "actual invention" separately from their purposive construction. *Dusome* grounds the "actual invention" in purposive construction, but it is unclear how this will be practically applied. While an updated practice notice clarifying that identifying the "actual invention" is not a second step would be beneficial, CIPO is unlikely to publish one prior to the release of the Supreme Court's highly anticipated decision on the patentability of methods of medical treatment in *Pharmascience v Janssen Inc*, heard earlier this year.