

Intellectual Property Institute of Canada (IPIC) Submission on Revised MOPOP Chapter 12: Subject-matter and Utility

Submission to the
Canadian Intellectual Property Office

July 27, 2017

INTRODUCTION

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents and lawyers practicing in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g. patents, trademarks, copyright and industrial designs) in Canada or elsewhere, as well as foreign companies who hold intellectual property rights in Canada.

IPIC is pleased to provide comments on proposed changes to Chapter 12 of MOPOP.

CHAPTER 12 OF THE MANUAL OF PATENT OFFICE PRACTICE

Subject Matter (12.01 to 12.03)

General Comments – Silence on purposive construction

The Proposed Chapter 12 lacks any discussion of the need for claim construction prior to assessing eligibility. As set out in *Canada (Attorney General) v Amazon.com Inc*, 2011 FCA 328 ¶ 43-44, the assessment of the issue of eligible subject-matter must be based on purposive construction of the claims, as set out in *Free World Trust v Électro Santé Inc* 2000 SCC 66. The only reference to claim construction is found within the lottery ticket example within section 12.03.06, which we discuss further below.

We consider that chapter 12 should explicitly address the need for claim construction. Specific reference to purposive construction should also be made in section 11.02 of chapter 11.

General Comments –Removed sections

Proposed Chapter 12 removes sections that describe concepts and approaches that the Canadian courts have affirmed as being erroneous and CIPO is correct in removing these sections. Notably, all references to the “contribution analysis”, “fields of technology” and “business methods” have been removed.

Care should be taken such that wording of the Proposed Chapter 12 does not have the effect of reintroducing these concepts and approaches.

The Proposed Chapter 12 has also removed all references to computer-related inventions. While this is sensible given that MOPOP includes a chapter dedicated to computer-implemented invention (chapter 16), IPIC believes that this chapter is significantly out-of-date.

12.01.01 Art

We recommend reformulating the sentence:

A “method” claim also sets out a mode or manner of accomplishing a certain result but includes particular steps required to achieve the result.

as follows:

A “method” claim also sets out a mode or manner of accomplishing a certain result but includes one or more particular steps required to achieve the result.

12.01.03 Machine

This section includes the statement:

A machine can be considered to be any device that transmits or directs the application of a force, or a device that enables energy from one source to be modified and transmitted as energy in a different form or for a different purpose.

In the current version of chapter 12, this definition of machine is presented in quotations and cites to the 2005 Oxford dictionary. The quotations and the citation are removed in the Proposed Chapter 12.

Reintroduction of the quotations and the citation to the dictionary is recommended. Doing so would make clear that this definition is a dictionary definition, and is not one that is found in legislation or jurisprudence.

12.01.05 Composition of matter

The language “combination of ingredients” in defining a composition of matter is confusing and possibly unduly limiting. It is conceivable that a composition of matter will be understood to contain only a single ingredient. We recommend rewriting the first sentence of this section to put the second clause first so that it will read:

A “composition of matter” refers to physical and/or chemical substances, compounds and compositions and includes combinations of ingredients, whether combined as a chemical union or physical mixture.

12.02 Inventions must not be disembodied

Claims construction concerns

The first sentence of this section asserts that “An invention is a solution to a practical problem”. By definition, an invention is “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”. The Patent Act does not define an invention as necessarily being a solution to a practical problem. The problem-solution approach is also not based on any Canadian jurisprudence.

This problem-solution approach was advanced in the 2013 Practice Notice “Practice Guidance Following the Amazon FCA Decision”. IPIC previously presented commentary in respect of this Practice Notice.

Care should be taken such that defining an invention as a solution to a practical problem does not lead to a claim construction approach that in effect reintroduces the contribution analysis.

Concerns regarding the definition of “disembodied”

This section should provide clear and consistent guidance, arising from jurisprudence, regarding the type of subject-matter that may be considered disembodied and therefore unpatentable. The guidance provided in this section may be viewed as inconsistent and difficult to apply. Specifically, the language in the first sentence requiring that an invention “interact directly with the physical world” is difficult to apply and may exclude certain types of inventions that are properly understood as patentable in accordance with the *Canada (Attorney General) v Amazon.com, Inc*, 2011 FCA 328 (at para. 66). The following language cited later in the section (from the Amazon case) is better:

must be something with physical existence, or something that manifests a discernible effect or change

We propose using the above language consistently throughout the section in the place of the “physical world” language.

Additionally, we recommend reconsidering inclusion of the sentence pertaining to *Riello Canada Inc v Lambert* 1986, 9 CPR (3rd), 324 (FCTD), supporting the proposition that “the idea that leads to an invention is [...] no part of the invention.” The idea that leads to an invention could potentially form part of the inventive concept underlying a claimed invention. Additionally, the *Riello Manufacturing* case deals with a new use of an old product and, in view of the embodied nature of the product, may not assist in elucidating principles pertaining to disembodied ideas.

12.03.01 Scientific principles and abstract theorems

There does not appear to be a case authority that clearly extends subsection 27(8) to apply to natural phenomena and laws of nature, as is suggested in this section. For practice purposes, a case citation to support this proposition would be helpful. We are aware that the *Harvard College v Canada (Commissioner of Patents)*, 2002 SCC 76 discusses this issue, and that Justice Arbour’s dissent in *Monsanto Canada Inc v Schmeiser*, 2004 SCC 34 is consistent with this MOPOP statement. However, read in their entirety, neither of these cases appears to support the stated proposition.

Additionally, the word “monopolize” should be changed to “claim” in this section.

12.03.04 Forms of Energy

We disagree with CIPO’s statement that “Forms of Energy” are not “manufactures” or “compositions of matter” (see section 12.03.04) and note that there is no case law to support CIPO’s exclusion of signal claims.

IPIC made submissions on July 28, 2008 when CIPO initially took this position regarding forms of energy.

12.03.05 Features of solely intellectual or aesthetic significance

The first sentence of the Proposed Chapter 12 introduces the following prohibition:

Features of an invention that have a purely intellectual or aesthetic significance are considered, in a practical sense, not to affect the functioning of the invention. Such features cannot change the manner in which the practical form of an invention operates to solve the problem for which it is the solution.

The concept of “intellectual significance” appears to have been applied in recent Commissioner’s Decisions 1407 and 1410. Both deal with claim limitations directed at what data represents. Decision 1407 states, “the steps only convey information having intellectual significance to an individual reading the data”. Decision 1410 states “The characteristics of the event objects that are generated and displayed by the present methods are non-functional and have intellectual meaning only to the decision maker.”

CIPO must be careful not to use this principle to ignore clear claim limitations with practical effect. What data represents can have a practical effect on how an invention works (e.g., what data is displayed on a screen; whether a person for practical purposes can use a computer).

Care should also be taken that this prohibition, when combined with the problem-solution approach to claim construction, does not, in effect, reintroduce a “business method” test for rejecting claims.

The third paragraph of section 12.03.05 reads as:

Where an invention requires a practical problem to be solved in order to enable a result or effect having solely intellectual or aesthetic significance, the patentability of the invention is not impacted by the fact its purpose is to produce a non-statutory result or effect.

Notably, the wording “practical problem” replaces the previous wording “technical problem”. We consider that the wording “practical problem” lacks basis in Canadian law. Care should be taken that the reference to “practical problem” does not, in effect, reintroduce the “field of technology” requirement that has since been abolished by the Amazon.com decision.

12.03.06 Printed matter

The fourth paragraph of this section reads as follows: “The term “printed matter” should not be restricted to traditional ink-on-paper printing but may include any means of displaying information.”

We understand that this paragraph is intended to broaden the scope of printed matter beyond simply matter printed on paper and to encompass matter displayed on an electronic display. However, CIPO needs to be careful not to, in effect, render graphical user interfaces (GUIs) unpatentable. We recommend that CIPO insert text that explicitly states that GUIs remain patent-eligible.

The Example in this section should be removed in its entirety. The analysis relies on an essential element analysis that focuses only on elements that solve a problem, and not on essential elements as are to be identified using purposive construction as directed in *Free World Trust v Électro Santé Inc*, 2000 SCC 66 at paras 33-50 and *Whirlpool Corp v Camco Inc*, 2000 SCC 67 at paras 42-43. The Supreme Court of Canada reiterated the importance of a claim construction analysis preceding all considerations of validity in its recently released decision in *AstraZeneca Canada Inc v Apotex Inc*, 2017 SCC 36 at para 31.

This problem-solution form of patentable subject matter analysis is controversial and unsupported by jurisprudence when extrapolated to other types of invention, such as computer-implemented methods and diagnostic methods.

The example presents the problem as follows: “The POSITA, having read the specification and in light of their CGK, would consider that the problem addressed by the claimed invention was to provide a variation on scratchable lottery tickets.” The solution is then presented as “The solution to the problem is the provision of the pattern or the plurality of intersecting pathways that define a maze.”

The problem-solution analysis here has the effect of reintroducing the “contribution” approach. This approach is inappropriate for claim construction. In determining that “substrates on which information is concealed under opaque scratchable material” is part of the common general knowledge, the test effectively determines that this element cannot be an essential element because it is known. The example then concludes that the “contribution” here is the “pattern of plurality of intersecting pathways that define a maze”. A proper application of *Free World Trust* test would at least have arrived at the conclusion that the essential elements include the opaque scratchable material in combination with the pattern of pathways.

The example arrives at the conclusion that the “essential element provides no new functionality to the substrate on which it is printed; it is merely printed matter that has solely intellectual or aesthetic significance.” We consider that it is difficult to reconcile this conclusion with the recent decision in *Pollard Banknote Limited v BABN Technologies*, 2016 FC 883. This decision also pertained to an invention directed to lottery ticket having printed matter hidden by opaque scratchable area. The issue of subject-matter eligibility of the invention was not discussed by the court. Instead, only issues of ambiguity, overbreadth, anticipation and obviousness were discussed. This suggests that the court found the claims at issue to be patent-eligible.

The differences between the claims at issue in *Pollard* and the example of the Proposed Chapter 12 are not clear cut. At best, the example is not useful for the purposes of providing guidance to Examiners because it is difficult to distinguish from *Pollard*. At worst, the example is wrong because, applying *Pollard*, one could find that the claim of the example is patent-eligible.

12.03.07 Fine Arts

The second paragraph of this section reads as follows:

Fine arts and the products thereof are not a practical form of an invention since they do not solve any practical problem. Typically, the features that distinguish a product produced by a fine art will have purely intellectual or aesthetic significance.

We agree that fine arts are not patentable. It is sufficient to cite *Amazon* in this regard (first paragraph of section 12.03.07) However, we consider that the second paragraph contains a blanket statement that is not useful and creates a risk for misinterpretation.

12.03.08 Schemes, plans, rules and mental processes

This section corresponds to section 12.06.02 of the current chapter 12. Whereas the latter contains six paragraphs, the revised section consists of only a single paragraph, which substantially corresponds to the first paragraph of the section of the current chapter. This first paragraph makes statements based on *Lawson v Commissioner of Patents*, 1970, 62 CPR (1st), 101 (Ex. Ct.) and *Schlumberger Canada Ltd. v Commissioner of Patents*, 1981, 56 CPR (2nd) 204 (FCA).

In the section of the current chapter, the latter five paragraphs introduce context to the first paragraph, albeit based on statements that the courts have since affirmed as being erroneous.

The sole paragraph of this section of the Proposed Chapter 12 now lacks context and there is a risk that the paragraph will be misinterpreted.

We recommend reformulating this paragraph to specify the exact claims that were found to be unpatentable in the *Lawson* and *Schlumberger* decisions. We also recommend moving this paragraph to section 12.02 “Inventions must not be disembodied”.

12.03.09 Games

We recommend that the decision in *Progressive Games, Inc. v Canada (Commissioner of Patents)* 1999 3 CPR (4th) 517; 177 FTR 214 be cited in this section instead of an older decision currently being cited.

Utility (12.04)

General comments

As a general matter, in many instances the chapter states that utility must be established across the full scope of the claimed invention: see eg 12.04.03. Several cases hold that a limited number of inoperable species within the scope of claims will not invalidate a claim: *Monsanto Company v Commissioner of Patents*, [1979] 2 S.C. 1108, at p 1115. Also, a claim does not lack utility if a skilled person in light of their common general knowledge and information disclosed in the patent would know to avoid inoperable embodiments, even if the claims do not explicitly exclude such embodiments: *Leo Pharma Inc v Teva Canada Ltd*, 2015 FC 123, ¶191; *Merck & Co Inc v Apotex Inc*, 2010 FC 1265, ¶110 – 126; *Corning Glass Works v Canada Wire & Cable Ltd*. (1984) 81 C.P.R. (2d) 39 (FCTD), para 59-60, pp 72-73. We recommend that these cases be acknowledged.

12.04 Utility June 2017

As a general point, the discussion of the utility requirement in this introductory section should reflect and track the wording of the discussion of “the correct approach to utility” set out in *AstraZeneca Canada Inc. v Apotex Inc.*, 2017 SCC 36 ¶ 52-58. For example, the general definition of the utility requirement in the second sentence should reflect Supreme Court authority, rather than the PAB decision cited in FN 23.

More specifically, the first sentence of the second paragraph states that an applicant need not expressly set out the utility of the invention in the application “Except where utility is the essence of the invention (e.g. new uses for old compounds).” No such exception is stated in the authorities cited in footnote 24. We recommend that authorities be cited for this exception, or that the phrase be deleted. The same applies to the “exception” mentioned in the first sentence of the third paragraph.

Moreover, apart from the issue of the “exception” just discussed, the first sentences of the second and third paragraphs appear to be somewhat redundant. If a difference is intended, it should be clarified.

The final sentence of the second paragraph – “However, where the specification sets out an explicit promise, utility will be measured against that promise Footnote 28 (see 12.04.02)” – must be deleted in light of *AstraZeneca*.

12.04.01 Controllability and reproducibility

The first sentence of the second paragraph states:

Inventions which are arrived at by chance and which cannot be reliably reproduced lack utility.
Footnote 33 [citing *Pioneer Hi-Bred*].

Pioneer Hi-Bred does not stand for that proposition, as it discusses sufficiency of disclosure, not utility. There is no suggestion in *Pioneer Hi-Bred* that the invention at issue, a new soy bean variety, was not useful. This sentence should be deleted.

12.04.02 Promised utility of the invention

This entire section must be deleted in light of *AstraZeneca*.

12.04.04 Requirements for sound prediction

The section begins by stating

In order for a prediction to be considered “sound”, it must meet the following test

and then sets out the three-part test set out in *Apotex Inc v Wellcome Foundation Ltd*, [2002] 4 SCR 153. However, that paragraph sets out the doctrine of sound prediction, not the test for whether a prediction is sound.

The first paragraph ends with the following statement:

Where an applicant is claiming priority, this claim is valid only insofar as the document or documents upon which it is based are sufficient to establish the utility of the invention. Although an applicant is entitled to add matter not included in the priority document(s) to the application as filed, where this matter is necessary to establish the utility of any embodiments of the invention those embodiments do not benefit from the priority date.

The first sentence is not correct, as utility need not be established on the basis of the material in the priority document.

12.04.04b Sound line of reasoning

The second sentence states:

The person skilled in the art must be able to understand how the sound line of reasoning links the factual basis to the purported utility of the invention.

We are not aware of any authority for this proposition. The point, in particular, is whether it is enough that there is in fact a sound line of reasoning, or whether that line of reasoning must be capable of being appreciated by a person skilled in the art. We suggest that authority be cited, or the sentence be deleted.

12.04.04c Proper disclosure of the sound prediction

In light of paragraphs 44 and 58 of *AstraZeneca*, we recommend that CIPO carefully review the decision on this point whether utility is a disclosure requirement. If the enhanced disclosure requirement does not survive *AstraZeneca*, this section needs to be substantially changed.

The last sentence of the second paragraph of the analysis of example 2 states:

As such, the application fails to disclose an articulable and sound line of reasoning.

In our view, this statement is not correct, as the problem with the invention claimed in Example 2 is that there is in fact no sound line of reasoning, not that it has not been disclosed. We suggest this be re-written as follows:

As such, there is no sound prediction across the entire scope of the claim.

The final paragraph discussing Example 2 (“Moreover and independent of the section 2 defect. . .”) says that the invention of Example 2 is also invalid for insufficiency of disclosure under subsection 27(3) of the Act. We doubt this is correct. The specification does describe how to make and use the claimed invention – there is no suggestion in the example that the skilled person would not know how to generate mutations in the specified Domain – and the problem is that most mutations are not in fact useful. Moreover, it is not clear why this discussion of sufficiency is in the utility chapter. We suggest this paragraph be deleted.