



September 16, 2009

By Email: Barney.deSchneider@ic.gc.ca

Barney de Schneider
Assistant Commissioner of Patents
Canadian Intellectual Property Office
Patent Branch
50 Victoria Street
Gatineau, Québec
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Dear Mr. de Schneider:

Re: Proposed Amendments to MOPOP Chapters 12 and 13

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to comment on the proposed revisions to Chapters 12 and 13 of the Manuel of Patent Office Practice which were released for public review on May 11, 2009.

As you know, FICPI (the Federation Internationale des Conseils en Propriété Industrielle), comprises more than 3500 intellectual property attorneys in private practice in 86 countries. FICPI Canada is a self-governing national association of FICPI and represents the interests of Canadian patent and trade mark professionals. Our membership includes senior professionals at most major Canadian intellectual property firms. Our clients span all types and sizes of businesses, including multi-national corporations, small and medium size enterprises, and individuals.

We recognize that updating Chapters 12 and 13 of MOPOP represents an enormous effort and we commend the Patent Office for addressing this important project. These two chapters embrace every major aspect of Canadian patent law. It is crucial that they be kept up to date, and provide clear guidance to the examination staff in the Patent Office.

FICPI Canada's submissions are set out in the attached document. As you will see, we are of the opinion that the proposed revisions of Chapters 12 and 13 do not accurately reflect current Canadian law in a number of key aspects. Some of the proposed concepts are similar to positions taken by the Patent Appeal Board in the recent Amazon One-click decision. As you know, that decision has been appealed to the Federal Court.

While we understand that the Patent Office cannot put matters of importance on hold indefinitely, it would seem prudent in the present circumstances for the Office to refrain from implementing new directions that are currently being challenged in court.

FICPI Canada wishes to thank the Canadian Intellectual Property Office for the opportunity to provide comments. If CIPO has any comments about our submissions, or if you consider it would be helpful to have a meeting with representatives from FICPI Canada, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Storey', with a long horizontal flourish extending to the right.

Robert B. Storey
President - FICPI Canada

cc Chris Evans, CIPO (by Facsimile at 819-994-1989)



FICPI Canada Submissions to CIPO

Proposed Amendments to MOPOP Chapters 12 and 13

September 16, 2009

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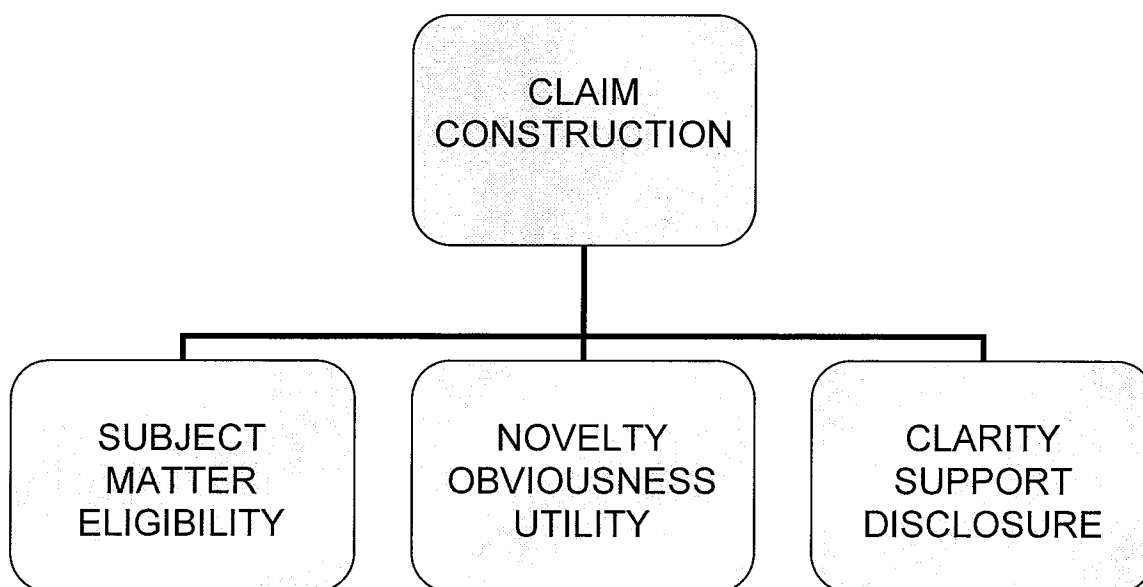
Purpose of Submission

The purpose of this submission is to provide constructive comments for improvements to draft amendments. We share the view that examiners should be provided with adequate guidance when examining patent applications. Guidance documents generally provide greater objectivity and consistency in the examination of patent applications.

Introduction

MOPOP and other guidance documents used by the Patent Office must follow the provisions of the *Canadian Patent Act* and *Rules* as interpreted by Canadian case law. Incorporation of foreign law concepts and practices should be avoided. Similarly, incorporation of any new policies that depart from current legislation and case law must be avoided.

It would greatly benefit examiners if such guidance documents set out a logical order for the examination procedure. We suggest that Chapter 13 provide an examination flowchart such as the following:



The first examination step should be to individually construe the claims. Adherence to claim language is key to ascertaining the proper scope of the claims, while resorting to the disclosure in cases where necessary to better appreciate the inventors' intentions, vocabulary or to resolve ambiguities. Claim construction should include a review of the entire patent application so as to situate context and appreciate content.

In all cases claim construction should be achieved without regard to the prior art. Once construed, the claims should be individually evaluated for subject matter eligibility, novelty, non-obviousness, and utility. Other issues such as clarity, compliance with formal requirements, adequate disclosure and support complete the examination process. Of course, lack of clarity may in some extreme cases become a threshold issue which does not allow meaningful claim construction. In such cases a first examiner's report should point out this defect.

When dealing with issues of potential lack of novelty or obviousness, examiners should receive specific guidance from current Canadian case law, such as the guidance provided by the Supreme Court of Canada in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.* [2008] SCC 61. MOPOP and Practice Notices should be consistent and both should be aligned with the *Act, Rules* and case law. We would, incidentally, encourage the Office to avoid issuing Practice Notices, and instead update the relevant Chapter(s) of MOPOP frequently as this would allow interested parties to look to one source, MOPOP, for guidance on Patent Office practice.

CIPO is reminded that when examining applications for compliance with the *Patent Act* and *Rules* the Commissioner has no discretion independent of the *Patent Act* to refuse an application. (See *Patent Act*, Section 40, *Monsanto Co. v. Commissioner of Patents* (1979), 42 C.P.R. (2d) 161 at 178 (S.C.C.); *Vanity*

Fair Silk Mills v. Commissioner of Patents, [1938] 4 D.L.R. 657, [1939] S.C.R. 245 at p. 246.).

FICPI is of the view that Section 13.05 as it currently reads incorporates many notions of European law, both statutory and case law, and therefore lacks basis in Canadian law. Examples are the proposed “problem-solution” and “blended form and substance” approaches. As currently drafted, Section 13.05 would cause much confusion.

Furthermore, we suggest that as currently drafted, the interwoven references to form, substance, statutory subject matter, utility, support, essential elements and contribution in both Chapters 12 and 13 would hopelessly complicate and confuse both examiners and practitioners and would lead to protracted examination and numerous appeals. We propose a set order of examination sequence to avoid blending concepts and the inevitable confusion that would ensue. We submit that a stepwise approach will facilitate more meaningful examination and improve efficiency.

Detailed Submissions

In our respectful view, draft Chapters 12 and 13 appear to improperly apply the relevant legislation and current case law and if implemented as Patent Office policy, would seriously limit the patent rights of applicants using the patent system in Canada. If implemented, the result would be the application of principles that are not based in current Canadian law, which would lead to uncertainty, more Office actions than are necessary, more appeals, more costs to applicants and ultimately retreat from such principles as the courts would be increasingly called upon to cause the law to be correctly applied. The result would be increased costs for questionable protection and a long lasting distaste for the use of the Canadian patent system from applicants around the world. This could lead to a reluctance to use the Canadian patent system and would tarnish Canada’s reputation among the intellectual property community in a manner even more detrimental than the fall-out of the *Dutch Industries* case.

It is imperative that any approach to refusing a patent application must have a substantial foundation in current Canadian law. In the *Harvard College* decision, both Binnie J. speaking for the dissenters and Bastarache J. speaking for the majority of the Supreme Court of Canada referred Section 40 of the *Patent Act*:

40. Whenever the Commissioner is satisfied that an applicant is not by law entitled to be granted a patent, he shall refuse the application.....[Emphasis added]

Bastarache J. referred to *Monsanto* in which Pigeon J., speaking for the majority stated:

I have underlined by law to stress that this is not a matter of discretion: The Commissioner has to justify any refusal. As Duff C.J. said in *Vanity Fair Silk Mills v. Commissioner of Patents* (at p. 246):

No doubt the Commissioner of Patents ought not to refuse an application for a patent unless it is clearly without substantial foundation...

Thus it is imperative that the Office base all of its guidance in Chapters 12 and 13 on the *Patent Act* and current Canadian case law. All inventors, applicants, agents, examiners and the Commissioner must follow the law when arguing for or against the patentability of an invention. Even if the Commissioner does not base refusals of an application on the *Patent Act* or current Canadian case law, prudent practitioners will base their explanations of why an application complies with the *Patent Act* on statutory language and current Canadian case law and ultimately so will the courts.

We have used the term “current Canadian case law” because it appears that some of the basis for the statements made in the draft Chapters is allegedly provided by case law that is outdated and has been clarified or overruled, for example, the decisions in *Lawson* and *Shlumberger*.

Before we provide comments aimed at specific text of the proposed Chapters, we would like to provide comments about two common themes running through both Chapters, namely the “form and substance” and “contribution” approaches to examination. It is these two approaches that FICPI finds fundamentally contradictory to current Canadian law.

Form and Substance

Section 12.04.01 of the proposed Chapter 12 states:

“As discussed in Section 13.05.02 of this manual, examination of claims is performed from the perspective of both form and substance, and the requirement that an invention relate to a field of technology may as appropriate be evaluated in respect of both the form and substance of a claim.”

The approach is discussed in detail in s.13.05.02 and is also discussed in various other sections, including s.12.04.01, 12.06, 12.06.08, 12.06.08c, 12.06.08d, footnote 36 of Ch. 12, and s.13.05.03c.

The proposed MOPOP revisions assert that it is no longer enough for the “*form*” of a claim to fulfill requirements for patentability, and that the “*substance*” of the invention must also be considered. Although this analytical approach is discussed primarily in the context of statutory subject-matter, in s.13.05.02 it is asserted that:

“Substance-based objections can be made, for example, in respect of issues of proper support (written description or enablement), utility, novelty or obviousness of the claimed matter, or where the invention, in substance, is non-statutory.”

Thus, in the case of statutory subject-matter, it is no longer sufficient for the *form* of the claim to fall within one of the categories of statutory subject-matter in Section 2. The substance of the claim must also separately qualify, Section 13.05.02 states:

“defects related to the substance of the invention may be raised, as circumstances dictate, regardless of the form of the claim.”¹

A direct consequence of this “form and substance” approach is that a claim which in *form* is expressly directed to one of the statutory categories in Section 2, such as a “machine”, can nevertheless be rejected as non-statutory if the “substance” of the invention is viewed as non-statutory. Numerous examples of claims directed to machines or devices which would be rejected as non-statutory are provided in the draft text.²

The proposition that apparatus or machine claims could be rejected as non-statutory based on their “substance” is not consistent with Canadian law and contravenes Section 40 of the *Patent Act*, as well as numerous judgments of the Supreme Court of Canada including *Harvard College*, *Whirlpool* and *Free World Trust*. The form and substance approach also contravenes other Canadian Court decisions on claim construction and claim redundancy, as well as related provisions of the *Patent Act*, and the *Patent Rules*.

The form and substance approach contravenes Sections 2 and 27(4) of the *Patent Act* because, when considering questions of patentability, it is the patentability of the claimed invention that must be assessed. Section 27(4) of the *Act* expressly confirms that the role of the claims is to define the “invention” for which a patent is sought:

¹ s.13.05.02.

² See e.g. s.12.06.06b, 13.05.03c. A further example can be found in a recent decision of a newly constituted Patent Appeal Board, which applied this approach in Commissioner’s Decision No. 1290, rejecting an apparatus claim as non-statutory because the Board viewed the “substance” of the invention as non-statutory: *Re Application No. 2,246,933*, Commissioner’s Decision No. 1290, March 3, 2009. In CD 1290, the Board failed to recognize that its new “form-and-substance” approach directly contravened the Board’s own previous approach to subject-matter as reflected in Commissioner’s Decision No. 1272 as well as CIPO’s official policy contained in MOPOP regarding business methods, and failed to provide any reasons for its direct reversal of policy on these points. See e.g. *Re Diamonds.net LLC Patent Application No. 2,298,467* (2006), 55 CPR (4th) 328 (PAB) and MOPOP s.12.04.04.

s. 27(4) *The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed.*

Thus, in accordance with s.27(4), “the invention” means the subject-matter that is defined distinctly and in explicit terms by a claim. It is this subject-matter defined by each claim that must be analyzed for compliance with the definition of “invention” in Section 2. Accordingly, by assessing patentability on the basis of the “substance” of the invention rather than on the basis of the claims, the “form and substance” approach contravenes s.27(4) of the *Patent Act*.

Moreover, the “form and substance” approach directly contravenes Section 2 of the *Patent Act* on its face. In this regard, as noted above, Section 2 defines an “invention” as follows:

“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;

Taking the category of “machine” by way of example, it follows directly from Section 2 that “any new and useful ... machine” constitutes an invention. There is nothing in Section 2 that would permit a claim that is directed to a new and useful machine to be rejected as non-statutory. Therefore, the “form and substance” approach directly contravenes Parliament’s directive in Section 2 that any new and useful art, process, machine, manufacture or composition of matter will constitute a statutory “invention”.

The form and substance approach also contravenes another aspect of Section 2: from the use of the word “or” in Section 2, it is clear that qualifying under any one of the statutory categories (“art, process, machine, manufacture or composition of matter, or ... improvement [there]in...”) is sufficient to define a patentable

“invention”. There is no need for a claim to satisfy the requirements of more than one of these categories.³

In contrast to the explicit requirements of Section 2, however, the “form and substance” approach would lead precisely to situations in which a claim satisfies the requirements for patentability of one category but its “substance” is viewed subjectively as corresponding to a different category whose patentability requirements are not satisfied. This precise situation arose in the *Diamonds.net LLC* decision of the Commissioner, in which the claims were expressly directed to a machine, but the examiner nevertheless viewed the “substance” of the invention as a “mere scheme of doing business” and rejected the claims because the examiner felt that the claims were directed to professional skills and failed to satisfy the definition of “art”. The Patent Appeal Board correctly rejected the examiner’s arguments and allowed the applicant’s appeal, effectively holding that the requirements to qualify as an “art” were irrelevant, given the fact that the claims already expressly qualified as a “machine”.⁴

Accordingly, the “form and substance” approach on its face appears to contravene both Sections 2 and 27(4) of the *Patent Act*. For these reasons alone, such an approach is inconsistent with current Canadian law.

The form and substance approach also contravenes the Supreme Court of Canada Judgments in *Free World Trust*⁵ and *Whirlpool*⁶. In these judgements the Court abolished the earlier “two step” approach to infringement assessment in favour of a single-step purposive claim construction. The Court emphasized

³ Although this principle is clear from the use of the word “or” in section 2 itself, it is noteworthy that the Patent Appeal Board has consistently agreed that it is only for a claim to satisfy the requirements of one of these statutory categories: see e.g. *Re Application No. 096,284* (1978), 52 C.P.R. (2d) 96 at 110 (P.A.B.), and more recently, *Re Orange Personal Communications Services Ltd. Patent Application No. 2,220,378* (2007), 62 C.P.R. (4th) 182 (P.A.B.) at 197.

⁴ *Re Diamonds.net LLC Patent Application No. 2,298,467* (2006), 55 C.P.R. (4th) 328 at 335-337 (P.A.B.).

⁵ *Free World Trust v. Électro Santé Inc.* (2000), 9 C.P.R. (4th) 168 (S.C.C.).

⁶ *Whirlpool Corp. v. Camco Inc.* (2000), 9 C.P.R. (4th) 129 (S.C.C.).

the primacy of the language of the claims and rejected any attempts to identify the "substance" of the invention, on the grounds that adherence to the language of the claims is necessary for both fairness and predictability. The quotations below from these two judgments illustrate these principles.

In *Free World Trust*, the Supreme Court unanimously stated:⁷

[31] The appeal thus raises the fundamental issue of how best to resolve the tension between "literal infringement" and "substantive infringement" to achieve a fair and predictable result. There has been considerable discussion of this issue in Canada and elsewhere, which I will discuss briefly in support of the following propositions:

(a) The *Patent Act* promotes adherence to the language of the claims.

(b) Adherence to the language of the claims in turn promotes both fairness and predictability.

(c) The claim language must, however, be read in an informed and purposive way.

(d) The language of the claims thus construed defines the monopoly. There is no recourse to such vague notions as the "spirit of the invention" to expand it further.

...

(a) The *Patent Act* Promotes Adherence to the Language of the Claims

[33] The *Patent Act* requires the letters patent granting a patent monopoly to include a specification which sets out a correct and full "disclosure" of the invention, i.e., "correctly and fully describe[s] the invention and its operation or use as contemplated by the inventor" (s. 34(1)(a)). The disclosure is followed by "a claim or claims stating distinctly and in explicit terms the things or combinations that the applicant regards as new and in which he claims an exclusive property or privilege" (s. 34(2)). It is the invention thus claimed to which the patentee receives the "exclusive right, privilege and liberty" of exploitation (s. 44). These provisions, and similar provisions in other jurisdictions, have given rise to two schools of thought. One school holds that the claim embodies a technical idea and claims construction ought to look to substance rather than form to protect the inventive idea underlying the claim language. This is sometimes called the

⁷ *Free World Trust*, *supra* note 5 at 183-191.

