

NO SOLUTION? NO PROBLEM! THE FEDERAL COURT OF CANADA PUTS A DAGGER IN THE "PROBLEM-SOLUTION" APPROACH TO PATENT CLAIMS CONSTRUCTION

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The Federal Court of Canada's decision in *Choueifaty v Attorney General of Canada*, [2020 FC 837](#)^[1] ("*Choueifaty*") will undoubtedly be one of 2020's top patent cases in Canada. But this decision will not be known for creating new law. Rather, this decision will be known for the Federal Court's dressing down of the Canadian Intellectual Property Office's internally developed approach to how the Office's patent examiners construe patent claims. This bulletin will be of interest to patent practitioners and patent applicants.

Background

The test for determining the essential elements of a patent claim is set out in the 2000 Supreme Court of Canada decisions of *Free World Trust*^[2] and *Whirlpool*.^[3] As aptly summarized in the subsequent 2006 Federal Court of Appeal decision of *Halford*:^[4]

In the process of construing the claims of a patent, a court will identify some elements of the invention as essential. The determination of which elements are essential depends upon the language of the claims, read purposively, and informed by evidence as to how persons skilled in the art would understand the claims (*Whirlpool* at paragraph 45). An element may be found to be essential on the basis of the intent of the inventor as expressed or inferred from the claims, or on the basis of evidence as to whether it would have been obvious to a skilled worker at the time the patent was published that a variant of a particular element would make a difference to the way in which the invention works (*Free World* at paragraphs 31 and 55). [emphasis added]

After the 2011 Federal Court of Appeal decision of *Amazon*^[5] however, the Canadian Intellectual Property Office (the "**Office**") came out with guidance, in the form of a number of practice notices (the language of which is currently entrenched in Chapter 12 of the [Manual of Patent Office Practice](#)), as to how Canadian patent examiners would determine essentiality of an element in a patent claim going forward. Particularly, Canadian patent examiners, as guided by Office practice, were directed to determine essentiality of an element in a patent claim through a "problem-solution" approach. That is, according to the Office, "[t]he identification of the

essential elements of a claim cannot be performed without having first properly identified the proposed solution to the disclosed problem”[\[6\]](#) and, per the Court’s paraphrasing of the thrust of the Office’s approach in *Choueifaty*, “the essential elements of a claim are those that are necessary to achieve the disclosed solution to an identified problem”.[\[7\]](#)

***Choueifaty* – Patent Appeal Board**

The invention at stake in *Choueifaty* relates to a computer-implemented method for providing an anti-benchmark portfolio, the method comprising a series of steps that is performed by a computer system. The patent application was rejected by the patent examiner, and the applicant appealed that decision to the Patent Appeal Board. In applying the “problem-solution” approach to claims construction, the Patent Appeal Board determined that: [\[8\]](#)

[46] [...] the person skilled in the art, based on this identified solution, would understand that the computer-related elements are not essential. The solution works solely through the scheme or rules – the calculation of an equation – for constructing the anti-benchmark portfolio, but does not lie in any particular computer implementation of specific calculations used to construct the portfolio. Thus, the recited computer-related details are not essential.

[...]

[56] In our view, given that the person skilled in the art would not view either the physical data gathering steps or the computerized processing steps as essential, then the essential steps are those associated with the calculation of security’s weightings used to create an anti-benchmark portfolio that maximizes the anti-benchmark ratio. Such matter does not manifest a discernible effect or change of character or condition in a physical object. It merely involves the carrying out of a scheme or rules – the calculations of security’s weightings in a portfolio – without the production of any physical results proceeding directly from the operation of the scheme or rules itself. Such matter is outside the categories of invention.
[emphasis added]

Based on its determination that the subject matter of the patent application fell outside the categories of invention, the Patent Appeal Board recommended to the Commissioner of Patents that the patent application be refused; the Commissioner of Patents obliged. A copy of the decision at the Patent Appeal Board level can be found at [this link](#).

***Choueifaty* – Federal Court of Canada**

The patent applicant appealed the Commissioner of Patents’ decision to the Federal Court of Canada. The findings of the Federal Court in *Choueifaty* may be summarized as follows:

- The problem-solution approach to claims construction fails to respond to the issue of the inventor's intention as emphasized in *Free World Trust* and *Whirlpool*;[9]
- The statements regarding the inventor's intention at paragraph 51 of *Free World Trust* should guide claims construction. That is, “[t]he 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”:[10]
- “the Commissioner erred in determining the essential elements of the claimed invention by using the problem-solution approach, rather than the approach *Whirlpool* directs be used”:[11]
- “the job of the Commissioner [of Patents], like a judge at trial, is to determine validity”.[12] There should be a uniform approach to claims construction by the Commissioner of Patents during prosecution and by a judge at trial;
- “the problem-solution approach to claims construction is akin to using the ‘substance of the invention’ approach discredited by the Supreme Court of Canada in *Free World Trust* at paragraph 46”:[13] and
- *Genencor International Inc. v Canada (Commissioner of Patents)*, 2008 FC 608, the Federal Court decision on which the Office relies for its holding that the *Whirlpool* test is not applicable to patent examiners, is no longer good law (particularly after *Amazon*), and in any event should not have been relied on by the Office in the first place (again, particularly after *Amazon*).[14]

The appellant (the patent applicant) also asked the Court to issue a declaration that the patent application discloses an ‘invention’ as defined in the *Patent Act*. The Court declined to do so, but directed the Commissioner of Patents to do a fresh assessment of the patent application (based on a set of proposed claims submitted by the patent applicant's as a part of its appeal to the Patent Appeal Board).

As a side note, *Choueifaty* also confirmed that the appellate standard of review applied to statutory appeals of patent matters, which in this case was an appeal of the Commissioner of Patents' decision to refuse the patent application. For guidance on appellate standards of review as they pertain to intellectual property matters in Canada, please review our bulletin at [this link](#).

Closing Remarks

Since the Office's adoption of the “problem-solution” approach to claims construction, and much to the chagrin of patent applicants in Canada, countless inventions (and in particular those in the realm of computer-implemented or software inventions) have been deemed by the Office to be non-statutory patent subject matter and as a result not protectable under the Canadian patent system. The Federal Court's decision in *Choueifaty* provides welcomed clarity on an issue that, for the past number of years, has dogged the Canadian patent system and caused much friction and discord between patent applicants and the Office.

Given the investment that the Office has made since Amazon in developing their “problem-solution” approach to patent claims construction, it would not be surprising if this decision were appealed. Until then, the “problem-solution” approach to claims construction has effectively been shelved with immediate effect.

With regard to any Patent Appeal Board decision that was decided prior to the *Choueifaty* decision, a patent applicant has six months from the mailing of the Notice of Refusal to appeal a Patent Appeal Board decision to the Federal Court of Canada. [\[15\]](#)

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[1] *Choueifaty v Attorney General of Canada*, 2020 FC 837.

[2] *Free World Trust v Electro Santé Inc*, [2000 SCC 66](#).

[3] *Whirlpool Corp v Camco Inc*, [2000 SCC 67](#).

[4] *Halford v Seed Hawk Inc*, [2006 FCA 275, 13](#).

[5] *Canada (Attorney General) v Amazon.com Inc*, [2011 FCA 328](#).

[6] [Manual of Patent Office Practice](#), Section 12.02.02e.

[7] *Supra* note 1, 13.

[8] *Choueifaty*, [CD 1478](#), 46, 56.

[9] *Supra* note 1, 39.

[10] *Supra* note 1, 51.

[11] *Supra* note 1, 40.

[12] *Supra* note 1, 36.

[13] *Supra* note 1, 37.

[14] *Supra* note 1, 34-35.

[15] *Patent Act*, RSC, 1985, c P-4, s. 41.

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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