

ChouEIFaty patent application found to possess patentable subject-matter

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As we [previously reported](#), the Federal Court in *Yves ChouEIFaty v Attorney General of Canada*, [2020 FC 837](#) (ChouEIFaty) granted the appeal from the Commissioner of Patents' (the Commissioner) decision that Canadian Patent Application No. 2,635,393 (the 393 Application) was not patentable subject-matter.

On January 11, 2021, the Patent Appeal Board (the Panel) reconsidered the 393 Application and found that the Second Proposed Claims, which had been considered by the Court in ChouEIFaty, were patentable subject-matter that complied with section 2 of the *Patent Act*. The Commissioner agreed with the Panel's recommendation in *ChouEIFaty (Re)*, [2021 CACP 3](#). This decision should provide insight to patent applicants regarding how the Commissioner will apply the Canadian Intellectual Property Office's (CIPO) recently released practice guidance applying the Court's ChouEIFaty decision.

Background

The 393 Application relates to an invention of a computer implementation of a new method for selecting and managing investment portfolio assets.

On February 27, 2019, the Panel recommended that the First Proposed Claims and the Second Proposed Claims of the 393 Application did not comply with section 2 of the *Patent Act* because they did not disclose an invention. The Commissioner agreed with the Panel's recommendation and refused the 393 Application.

The Panel conducted a "problem-solution" analysis and found that the essential elements of both the First Proposed Claims and Second Proposed Claims did not include the computer-related details, but rather are directed to a scheme or rules involving mere calculations used to construct the anti-benchmark portfolio, which are not patentable subject-matter.

The Court in ChouEIFaty rejected the Commissioner's "problem-solution" approach to interpreting patent claims, re-emphasizing that patent claims must be interpreted using purposive construction for all purposes, including assessing subject-matter eligibility. The Court directed the Commissioner to consider the Second Proposed Claims of the 393 Application afresh in accordance with the Court's reasons.

ChouEIFaty was not appealed, but CIPO did issue new guidance entitled "Patentable Subject-Matter under the Patent Act" explaining how CIPO intends to apply ChouEIFaty. We have [previously reported](#) on this new guidance.

The Panel's reconsideration of the 393 Application

As instructed by the Court in *Choueifaty*, the Panel purposively construed the Second Proposed Claims and determined the essential elements. The Panel concluded that all the claimed elements, including the elements related to computer implementation, were essential because there was no claim language indicating that any of the claimed elements were optional, preferred embodiments or a list of alternatives, nor was there any indication in the record that would lead to a determination that any claimed element was non-essential.

The Panel then considered whether the 393 Application contained patentable subject-matter. The Panel adopted the expert evidence provided by the applicant and held that the claimed invention relates to computer operations that permit significantly less computer processing and greater speed. This improvement in computer operations is patentable under the new CIPO guidance because it is an algorithm that improves the functioning of a computer. The computer and the algorithm together form a single actual invention that has physicality and solves a problem related to the manual or productive arts.

CIPO distinguished the 393 Application from the patent application of *Schlumberger Canada Ltd v Commissioner of Patents*, [1982] 1 FC 845 (CA) in that the computer calculations claimed in the 393 Application are not merely yielding information, but rather permit the computer to carry out the portfolio optimization procedures with significantly less processing and greater speed.

Key takeaways

This decision provides important insight into how CIPO will determine patentable subject-matter for computer-implemented inventions. CIPO will first purposively construe the claims to identify the essential elements and then determine whether the patent application contains patentable subject-matter. As mentioned in the new CIPO guidance, an algorithm that improves the functioning of the computer will be considered patentable.

This decision also highlights the usefulness, where appropriate and justified, of providing evidence, either within the patent application itself or with an expert affidavit, on the nature of the common general knowledge of a person skilled in the art and on how an algorithm improves the functioning of the computer.

The full impact of the *Choueifaty* decision and guidance will only be understood once the Commissioner has issued decisions on subject-matter across a variety of fields of technology and invention types. However, provisionally, the Panel's most recent decision on the 393 Application bodes well for the patentability of inventive computer-implemented technology.