AMAZON.COM, INC. V. CANADA (ATTORNEY GENERAL), 2010 FC 1011: OCTOBER 14, 2010

Date: October 14, 2010

On October 14, 2010, the Federal Court Trial Division issued a decision in Amazon.com, Inc. v. Canada (Attorney General), 2010 FC 1011, overturning the Commissioner of Patentsô decision to deny a patent for a ñbusiness methodò. Previously, the Commissioner found that Amazon.comôs application for a ñone-clickò ordering method and system was not patentable subject matter under section 2 of the Patent Act, R.S.C. 1985, c. P-4.

In overturning the Commissioner's decision, Mr. Justice Phelan of the Federal Court confirmed that ñbusiness methodsò are not automatically excluded from proper subject matter in Canada, holding that there was ñno basis for the Commissionerôs assumption that there is a ótraditionô of excluding business methods from patentability in Canadaò. The Court acknowledged that fundamental differences existed between foreign and Canadian patent regimes and strongly criticized the Commissionerôs reliance on foreign jurisdictions to justify her reasons.

The Federal Court also strongly criticized the Commissionerôs adoption of a ñfour-stepò approach in assessing subject matter, specifically rejecting the Commissionerôs ñform and substanceò, ñcontributionò and ñtechnologicalò requirements in assessing the claims. In doing so, the Federal Court explicitly held that it is incorrect to ñparse the claims into their novel and non-novel components in order to evaluate patentabilityò. Rather, the Court reaffirmed that the claims are to be purposively construed as a whole. Specifically, the Court rejected the Commissionerôs restrictive interpretation of the term ñartò recited in section 2 of the Patent Act, and as set out earlier by the Supreme Court of Canada, reiterated the three elements in the test for ñartò: ñi) it must not be a disembodied idea but have a method of practical application; ii) it must be a new and inventive method of applying skill and knowledge; and iii) it must have a commercially useful result.ò

The Federal Court decision has been appealed which may result in further refinement of Canadian jurisprudence respecting patentable subject matter in Canada.

PROSECUTION OF PATENT APPLICATIONS

In December 2009, the Commissioner amended chapters 12 and 13 of the Manual of Patent Office Practice (ñMOPOPò) relating to ñUtility and Subject-Matterò and ñExaminations of Applicationsò, respectively, and more recently in October 2010 amended chapter 16 relating to ñComputer Implemented Inventionsò. The revised chapters were redrafted to reflect much of the rationale underlying the Commissionerôs rejection of the Amazon.com application, including the now rejected ñfour-stepò approach in assessing subject matter. In our view, the applicability and relevancy of these chapters are now brought into question.

While the current decision of Mr. Justice Phelan is important for indicating that there is no automatic exclusion for ñbusiness methodsò in Canadian patent practice, the decision also provides a clear rejection of the Commissioner's ñform and substanceò analysis, impacting many of the Office Actions which the Canadian Intellectual Property Office (ñCIPOò) has recently issued based on the now rejected ñform and substanceò analysis. While the decision appears to clarify a number of aspects respecting

patentable subject matter in Canada, it remains to be seen what impact this decision will have on CIPOôs examination procedures and the recently revised chapters of the MOPOP.