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Computer and Software Related Innovation – Is There A Rationale For Filing Software Patent Applications in Canada?

By Timothy Bailey

Intellectual property law provides a number of avenues to protect investments that innovators make in developing and marketing software. Securing one or more intellectual property rights is critical in acquiring and maintaining an edge in competitive markets.

Patents, as an example of one intellectual property right that may be suitable for protecting software innovations, provide the broad right to exclude others from making, using and selling an invention for a period of up to twenty years.

In recent years, the Canadian Patent Office and various courts in the United States have taken the stance that certain software innovations, for example business methods that are implemented in software that is operated on a computer, do *not* warrant patent protection. As a further twist, the Canadian Federal Court of Appeal in *Canada (Attorney General) v. Amazon.com, Inc.* found that software patents, or business method patents, *can* be eligible for patent protection. This leaves the innovator in an uncomfortable position of trying to determine the best avenue to protect their software innovation.

The question arises, is there a rationale for filing software patents in Canada? In our view, the answer is yes. The Canadian Patent Office has released specific policy statements that instruct how Canadian patent examiners analyze software patent applications. This policy statement can also act, however, as a road map to guide innovators, or their patent agent, in the drafting of software patent applications.

Patents protect inventions and inventions can be thought of as a new solution to a known problem. In fact, when Canadian patent examiners are examining computer-related patent applications, including those directed at software, one of the first questions they ask is whether or not the problem that the patent application is directed at solving relates to the operation of a computer, or if it is a solution that is merely implemented using a computer. The examiner

will answer this question based upon the disclosure (i.e., the description, drawings, etc.) provided in the patent application and the language of the claims (i.e., the language that defines the desired monopoly).

Next, the examiner will assess the solution proposed by the inventor by identifying the elements of the invention that are required to provide a successful solution to the identified problem.

After identifying the problem and the solution proposed by the patent application, the examiner then interprets the terms and phrases within the patent claims. A key part of this interpretation is whether or not the computer-related subject matter, e.g. generic computer hardware, can be varied or substituted without making a difference in the way the invention works. Canadian patent examiners will often reduce the importance of computer-related subject matter to a mere machine that performs a series of calculations based upon the instructions provided (i.e. the software). If one were to replace the computer with a person that is capable of performing the same calculations and the result is the same, then the computer-related subject matter will be considered a non-essential element of the solution. Canadian patent examiners will simply read non-essential elements out of a patent claim (i.e., ignore them). Once the computer related subject-matter is removed, the examiner will determine whether or not the remaining elements of the claim provide the elements required for a successful solution to the problem. Based upon the Canadian Patent Office's present policy, examiners regularly determine that the remaining elements of a typical software or business method claim are merely abstract steps and, therefore, not patentable in Canada.

One of the major challenges facing software innovators is that often their software patent applications were filed before the Canadian Patent Office released the policy that forms the basis of the examiner's analysis. When a patent application is filed, the applicant cannot change the disclosure to any great degree. As such, many software patent applications before examiners today do not provide sufficient room to argue that the computer-related subject matter is essential to how the invention works.

At Field, we work with our clients before drafting a patent application to critically assess a software innovation in light of the Canadian Patent Office's current policy and the analysis the examiners are currently performing. This pre-drafting work allows us to assess the likelihood of success and whether or not there is a rationale for pursuing patent protection for a particular software innovation.

If we do find a rationale to pursue a patent, we draft the patent application with a view towards increasing the likelihood of a successful patent examination in Canada. As one example, we may draft the application to make it difficult for an examiner to conclude that replacing the computer-related subject matter with a human to perform the calculations will produce the same result and, therefore, the computer-related subject matter cannot be read out of the claims.

If no rationale can be found to pursue a patent, we advise our clients on other mechanisms to protect software innovations, such as strategic copyright registrations or keeping the software a secret through contract law and internal confidentiality policies.

Contact Timothy Bailey in our Intellectual Property and Technology Group if you have questions that relate to software-related innovations.

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YELLOWKNIFE
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