Unfinished Business (Methods)

U.S. Court set to deliver decision on the patentability of "pure" business method inventions. What could be the impact in Canada?

The United States Court of Appeals for the Federal Circuit is due to deliver a keenly anticipated decision in its rehearing of In re Bilski (In re Bernard L. Bilski and Rand A. Warsaw, U.S.C.A., FC No. 2007-1130 (February 15, 2008)) within the next few weeks. The case concerns the patent eligibility of claims directed to methods for mitigating certain risks (e.g. bad weather) through commodities trading. The methods do not explicitly require the use of a computer to carry out the steps. In other words, the Bilski method claims lack the "technological tie-ins" (i.e. computer implementation) that frequently appear in other financial and e-commerce business method patents.

In its order for a rehearing, the Court identified a number of issues to be addressed, ranging from whether it is appropriate to revisit its landmark State Street decision (State Street Bank v. Signature Financial Group, U.S.C.A., FC No. 96-1327 (July 23, 1998)) to reconsidering the standard for patentable subject matter. Many observers expect the Court to at least clarify the State Street decision, which firmly established that business methods are patentable in the United States. However, some commentators speculate that the Court will use this opportunity to significantly limit the patentability of business methods.

The decision in Bilski may also have some effect on the patentability of business methods in Canada. The Examination Manual used by Canadian patent Examiners explicitly states that "business methods are not automatically excluded from patentability". Indeed a computer implemented business method invention may form patentable subject matter if it meets the criteria laid out for more general computer based inventions. However, in practice, Canadian Examiners often cite cases concerning a method of playing poker (Progressive Games, Inc. v. Commissioner of Patents, F.C.C. No. T-441-96 (October 28, 1999)), a method of subdividing land (Lawson v. Commissioner of Patents, Exchequer Court of Canada, 62 C.P.R. 101 (April 17, 1970)), and a new use for a known chemical compound (Shell Oil Co. v. Commissioner of Patents, S.C.C., 2 S.C.R. 536 (November 2, 1982)) to reject business method applications alleged to be mere schemes or professional skills.

Recent decisions of the Patent Appeals Board (Alex Anishchenko, Patenting Business Methods in Canada: The Landscape May Be Improving) have criticized out-of-hand subject matter rejections of business method claims, instead favouring examination according to broader standards of novelty and non-obviousness. This suggests that the Canadian Intellectual Property Office (CIPO) may be adopting a more relaxed approach to business method applications. However, it remains to be seen if this trend will continue should the United States rein in business method patents following In re Bilski.

Isis E. Caulder
416.957.1680
icaulder@bereskinparr.com

Paul Horbal
416.957.1664
phorbal@bereskinparr.com