Federal Court of Appeal  Cour d'appel fédérale

Date: 20221110

Docket: A-188-22

Citation: 2022 FCA 194

Present: **RENNIE J.A.**

BETWEEN:

ATTORNEY GENERAL OF CANADA

Appellant

and

BENJAMIN MOORE & CO.

Respondent

Dealt with in writing without appearance of parties.

Order delivered at Ottawa, Ontario, on November 10, 2022.

REASONS FOR ORDER BY: RENNIE J.A.

Federal Court of Appeal  Cour d'appel fédérale

Date: 20221110

Docket: A-188-22

Citation: 2022 FCA 194

Present: **RENNIE J.A.**

BETWEEN:

ATTORNEY GENERAL OF CANADA

Appellant

and

BENJAMIN MOORE & CO.

Respondent

REASONS FOR ORDER

RENNIE J.A.

[1] Benjamin Moore & Co. appealed two decisions from the Commissioner of Patents to the Federal Court (2022 FC 923, *per* Gagné A.C.J.), arguing that the Commissioner applied the wrong test to the question of what constitutes patentable subject matter. It asked the Federal Court to send its patent applications back to the Commissioner for reconsideration with a direction that the Commissioner use the test for patentable subject matter suggested by an intervener in the appeal, the Intellectual Property Institute of Canada (IPIC).

[2] In its submissions to the Federal Court, IPIC invited the Federal Court to adopt a revised legal framework and "to instruct [the Canadian Intellectual Property Office (CIPO)] to adhere to it in determining the patentability of [computer-implemented inventions]" (Reasons at para. 5).

[3] The Attorney General of Canada, respondent in the Federal Court, consented to the appeals being granted. He agreed with Benjamin Moore that the Commissioner had erred and applied the wrong legal test when assessing whether the patent applications disclosed patentable subject matter (Reasons at para. 6).

[4] Gagné A.C.J granted the appeals and issued the following judgment:

> 1. The Appeals are granted;
>
> 2. The files are sent back [to] the Canadian Intellectual Property Office for a new determination;
>
> 3. In her assessment of the 130 and 146 Applications, the Commissioner of Patents is instructed to:
>
> a. Purposively construe the claim;
>
> b. Ask whether the construed claim as a whole consists of only a mere scientific principle or abstract theorem, or whether it comprises a practical application that employs a scientific principle or abstract theorem; and
>
> c. If the construed claim comprises a practical application, assess the construed claim for the remaining patentability criteria: statutory categories and judicial exclusions, as well as novelty, obviousness, and utility.
>
> 4. No costs are granted.

The Federal Court's reasons

[5] The Federal Court described the three issues before it on the appeals as follows (Reasons at para. 24):

> A. Did the Commissioner err by applying the wrong legal test for claim construction and patentable subject matter?
>
> B. Should the [Federal] Court make a determination on whether the 130 and 146 Applications constitute patentable subject matter or should it remit the matter to the Commissioner for a new determination?
>
> C. If the [Federal] Court remits the matter to the Commissioner, what instructions should be provided?

[6] In addressing the first issue, the Federal Court found, and both parties agreed, that the Commissioner had applied the wrong legal test (Reasons at para. 32). The crux of the Federal Court's reasoning on this issue related to the Commissioner's lack of engagement with the decision of the Federal Court in *Choueifaty v. Canada (Attorney General),* 2020 FC 837, 176 C.P.R. (4th) 13 [*Choueifaty*]. In *Choueifaty* (at paras. 37 and 40), the Federal Court found that the Commissioner's problem-solution approach to assessing the patentability of an application's disclosed subject matter was incompatible with *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66, [2000] 2 S.C.R. 1024 and *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67, [2000] 2 S.C.R. 1067. The Federal Court set out the history relevant to the CIPO's treatment of *Choueifaty* (Reasons at para. 12):

> Following *Choueifaty*, CIPO issued an updated Practice Notice entitled "Patentable Subject-Matter under the *Patent Act*". However, this Practice Notice still includes the problem-solution approach, stating on its page 2 of 5 that "An actual invention may consist of either a single element that provides a solution to a problem or of a combination of elements that cooperate together to provide a solution to a problem."

[7] The parties also agreed on the second issue, and asked that the Federal Court remit the matter to the Commissioner for reconsideration (Reasons at paras. 38-39). The Federal Court did so.

[8] Therefore, the Federal Court was tasked only with determining what instructions to provide to the Commissioner upon remitting the matter (Reasons at para. 41). IPIC asked the Federal Court to adopt a framework for assessing the patentability of an application's disclosed subject matter that aligned with *Choueifaty* and the Supreme Court of Canada jurisprudence that *Choueifaty* highlights. Benjamin Moore supported IPIC's proposed framework (Reasons at para. 42).

[9] The Federal Court ultimately adopted IPIC's proposed framework, and reproduced the framework in paragraph 3 of its judgment along with an instruction that the Commissioner apply the revised test upon reconsideration of Benjamin Moore's patent applications.

The issue before this Court

[10] Benjamin Moore filed an informal motion in writing to strike the Attorney General's appeal. Its argument distills to the following:

> Paragraph (3) of the Gagné Judgment does nothing more than direct the Commissioner to re-examine Benjamin Moore's two applications in accordance with Justice Gagné's Reasons, namely, by applying the correct legal framework discussed in paragraphs 43 and 52 of the Reasons. The Commissioner, when re-examining the applications, is bound to do so whether paragraph (3) of the Gagné Judgment is present or not.
>
> Subsection 27(1) of the [*Federal Courts Act,* R.S.C. 1985, c. F-7 (Act)] provides for appeals to this Court against a "judgment" of the Federal Court, not against its reasons for judgment. The Notice of Appeal is, therefore, improper because it seeks to appeal, not the Gagné Judgment itself, but the Federal Court's Reasons therefor. It is trite law that this Court lacks jurisdiction to hear such an appeal and, as a result, the appeal is doomed to fail.
>
> [Extracted from Benjamin Moore's submissions.]

[11] The Attorney General does not respond to this argument; rather, he contends that the appeal should not be struck as it is in the public interest that this Court "provide clarity" on the correct test for determining patentable subject matter.

[12] It is unclear why the Attorney General consented to the appeal before the Federal Court, but requested that the Federal Court limit itself to remitting the matter to the Commissioner with no direction to the Commissioner to follow *Choueifaty* upon reconsideration (Reasons at para. 6). The Attorney General only argues that to direct the Commissioner to follow a specific test "would encroach on the separation of powers and the intent of Parliament" (Reasons at para. 45).

[13] It is unnecessary for the purposes of this motion to reconcile these two apparently contradictory positions; on one hand, it is important that the appeal proceed so that there is clarity with respect to what constitutes patentable subject matter, but on the other hand, for the Court to consider the meaning of the statutory language would encroach on the separation of powers. It is sufficient to note, at this point, that all statutory powers are exercised according to law, and in the case of the Commissioner, that includes the law as determined by the Federal Court.

[14] Subsection 27(1) of the Act, the statutory basis for Benjamin Moore's motion, grants this Court jurisdiction to hear appeals only from judgments of the Federal Court (*Ratiopharm Inc. v. Pfizer Canada Inc.*, 2007 FCA 261, 367 N.R. 103 at para. 6 [*Ratiopharm*]). Consequently, what must be determined is whether the Attorney General's appeal truly relates to the Federal Court's judgment, or to its reasons for that judgment. Put otherwise, the question is whether the disputed

instruction (paragraph 3 of the judgment) is part of the Federal Court's judgment and, thus, may be appealed to this Court under subsection 27(1) of the Act, or whether, as Benjamin Moore contends, it is surplusage, part of the reasons and not a basis for appeal.

[15] Whether an appeal is taken from the reasons or the judgment is not always self-evident. This Court has developed certain criteria in an effort to guide the answer to that question.

[16] In *Canada (Citizenship and Immigration) v. Yansane*, 2017 FCA 48, 26 Admin. L.R. (6th) 267 [*Yansane*], the Court had to determine whether an administrative decision maker unreasonably ignored the Federal Court's recommendation in *obiter* that, upon reconsideration of the matter, the decision maker consider certain evidence (*Yansane* at para. 23). This Court found that only explicit instructions that have practical consequences are binding (*Yansane* at para. 19):

> … [O]nly instructions explicitly stated in the judgment bind the subsequent decision-maker; otherwise, the comments and recommendations made by the [Federal] Court in its reasons would have to be considered mere *obiters,* and the decision-maker would be advised to consider them but not required to follow them.

[17] The Court described the policy rationale for this restriction (*Yansane* at para. 18):

> We must never lose sight of the fact that such directions or instructions depart from the logic of a judicial review, and that their abusive or unjustified use would go against Parliament's desire to give specialized administrative organizations the responsibility for ruling on questions that often require expertise that common law panels are lacking.

[18] Benjamin Moore relies on *Yansane* in its submissions to this Court for the following propositions:

> (1) Paragraph (3) simply makes explicit what is already implicit in every judicial order: namely, that the terms of the order must be carried out in accordance with the law, including the law contained in the reasons for the order; and
>
> (2) [T]his Court has recognized that a judgment which contains a reference to the reasons for the judgment does not thereby create a novel appeal route.
>
> [Extracted from Benjamin Moore's submissions.]

[19] However, I read *Yansane* to hold that *general* references to reasons in a formal judgment do not form part of the judgment itself so as to give rise to a right of appeal based on the reasons (*Yansane* at para. 25). *Yansane* does not preclude all references to reasons in a judgment from creating viable appeal routes. I also see no reason why the policy rationale articulated in *Yansane* should not apply to appeals in some circumstances.

[20] General instructions in a judgment were also distinguished from explicit instructions in *Fournier v. Canada (Attorney General),* 2019 FCA 265, 312 A.C.W.S. (3d) 421 [*Fournier*].

[21] The issue before the Court in *Fournier* was whether the Federal Court's instruction that an administrative body reconsider the matter "in light of [the corresponding] reasons" formed part of the judgment such that that instruction alone could be appealed (*Fournier* at paras. 25-26). This Court noted that no appeal lies from a general statement in the Federal Court's judgment that the matter be reconsidered "in accordance with the [corresponding] reasons", as the statement is insufficient to incorporate the entirety of the reasons into the judgment (*Fournier* at para. 31). This type of statement was not a direction, as the reconsidering body "must always take into account the decision and findings of the reviewing court, unless new facts call for a different analysis" (*Fournier* at para. 30, citing *Yansane* at para. 25). The Federal Court of

Appeal differentiated this statement from a “strict direction” (*Fournier* at para. 31), indicating that part of the reasons may be incorporated into the judgment through such a direction.

[22] This requirement for precision in the drafting of judgments is underscored by several considerations. A party may only appeal statements in a judgment that have practical consequences; a statement in a judgment that does not affect or change the judgment’s overall effect is unnecessary to the court’s disposition of the matter. Precision in judgments is also important for the purposes of enforcement. Here, paragraph 3 of the judgment lays out a test for the Commissioner that can be uniquely enforced, separately from the accompanying reasons.

[23] In interpreting the effect of paragraph 3, *Canada (Citizenship and Immigration) v. Canadian Council for Refugees*, 2021 FCA 72, 458 D.L.R. (4th) 125 [*Canadian Council for Refugees*] at paragraphs 11-14 is instructive. Stratas J.A. in that case struck a cross-appeal that did not seek to change the enforceability of the original decision (*Canadian Council for Refugees* at para. 12):

> A cross-appeal lies when a party “seeks a different disposition of the [judgment] appealed from”: Rule 341(1)(b) of the *Federal Courts Rules*, S.O.R./98-106. “Different disposition” means a remedy that will have real-life, practical consequences for the party cross-appealing. A cross-appeal does not lie simply because a party is dissatisfied with the reasons for judgment: *Ratiopharm Inc. v. Pfizer Canada Inc.*, 2007 FCA 261, 367 N.R. 103 at paras. 6 and 12.

[24] A party cannot, on appeal, ask an appellate court to accept new arguments in support of its position if it has already been awarded the relief it sought. This is because the reasons justifying the order, when incorporated within the formal judgment, do not change the result of

the order; such an incorporation would be "merely a matter of form, not substance" (*Ratiopharm* at para. 9).

[25] For this reason, a court must always have regard to the essential nature of the appeal (*Canada (National Revenue) v. JP Morgan Asset Management (Canada) Inc.*, 2013 FCA 250, [2014] 2 F.C.R. 557 at para. 50). The notice of appeal must be read in light of the reasons and the judgment, with a view to determining whether the appeal is a veiled attempt to keep the benefit of the judgment but realign the reasons for judgment. Sometimes a party will be successful in the result, but will not like the manner by which they succeeded. Courts must always be vigilant to guard against appeals brought on this basis.

[26] The essential nature of this appeal is to challenge the substantive question of how the Commissioner is to determine whether a particular subject matter is patentable; paragraph 3 of the Federal Court's judgment is a specific direction in this respect, akin to a declaratory judgment. Consistent with *Yansane*, *Fournier*, and *Canadian Council for Refugees*, the specific direction in paragraph 3 forms part of the judgment and uniquely binds the Commissioner to a particular test in a way that the reasons alone do not. This test responds to the only substantive consideration that was before the Federal Court, laying at the core of the Federal Court's formal judgment in the matter. I conclude that the appeal is accordingly within this Court's jurisdiction under subsection 27(1) of the Act.

[27] The application of the above principles to this matter is further complicated, unnecessarily, by the Attorney General's consent to the judgment allowing the appeal from the

Commissioner's decisions. This consent left the Attorney General, as appellant in the appeal before this Court, vulnerable to the argument that he is seeking to continue the appeal as a reference. But that consent was conditional on the Federal Court's remitting the matter without any specific direction to the Commissioner (Reasons at paras. 6 and 45).

[28] I close on two practice points.

[29] This motion to strike the appeal was brought by an informal motion in writing. This may be appropriate where the flaw in the appeal is patent, such as in the case of a statutory bar or limitation or where the appeal is frivolous. While a great many procedural matters can be conveniently dealt with in this manner, either under the Court's plenary authority to control proceedings before it, or under Rules 71 and 74, where the motion to strike is predicated on substantive considerations, as here, a formal motion is preferred. The Court would have been assisted by more fulsome submissions on the motion, particularly on the part of the appellant whose appeal was at risk.

[30] The second point arises from the October 14, 2022 letter from counsel for the Attorney General. The Court draws to counsel's attention that the Consolidated General Practice Guidelines of the Federal Court (June 8, 2022), have no relevance to practice and procedure in the Federal Court of Appeal.

[31] The motion to quash the appeal is therefore dismissed. There is no order as to costs.

[32] Before closing, I turn to the joint request of the parties that, should the motion to quash the appeal be dismissed, this appeal be expedited.

[33] I have reviewed the reasons advanced by Benjamin Moore in support of an expedited hearing, and am satisfied that this appeal should be expedited on the terms set forth in the order accompanying these reasons.

"Donald J. Rennie"
J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-188-22
STYLE OF CAUSE:	ATTORNEY GENERAL OF CANADA v. BENJAMIN MOORE & CO.

MOTION DEALT WITH IN WRITING WITHOUT APPEARANCE OF PARTIES

REASONS FOR ORDER BY:	RENNIE J.A.
DATED:	NOVEMBER 10, 2022

WRITTEN REPRESENTATIONS BY:

Abigail Browne	FOR THE APPELLANT
Matthew R. Norwood	FOR THE RESPONDENT

SOLICITORS OF RECORD:

A. François Daigle Deputy Attorney General of Canada	FOR THE APPELLANT
Ridout & Maybee LLP Toronto, Ontario	FOR THE RESPONDENT