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IS SOFTWARE A PATENTABLE INVENTION?

PATENT AS AN ADDITIONAL PROTECTION DEVICE

For several businesses, in-house software represents a most significant asset. In the Canadian intellectual property arena, several techniques are available to protect this technology. The basic protection stems from copyright legislation, which equates software with a literary work. Given the limits inherent to this type of protection, business executives and their legal counsel have turned to patents to seek a broader coverage. The Canadian Patent Office was therefore called upon to determine whether software or a software-based process was patentable. In order to delineate the problem, we must review the evolution of the law on this matter.

THE PATENT ACT

Upon issuance of a patent, an inventor is granted a title to the invention by the government which confers upon him or her the exclusive right, for a maximum duration of twenty (20) years, to prevent any other person from manufacturing, using or selling the invention in Canada.

Pursuant to the Patent Act, an invention is defined as "any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter". In light of the terms used, we must conclude that this definition is not, per se, an impediment to the inclusion of software among patentable inventions. However, the scope of this definition is somewhat curtailed by section 27(8), which specifies that no patent "shall be granted for any mere scientific principle or abstract theorem".

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THE INITIAL GUIDELINES OF 1978

In 1978, the Canadian Patent Office drew from this section to issue guidelines pursuant to which software, algorithms or computer instructions sets were not patentable material.

This approach taken by the Patent Office was only changed with the intervention of the Court. In a landmark decision, namely *Schlumberger Canada Ltd. v. Commissioner of Patents* (1982), 1.F.C. 845, the Federal Court of Appeal held that the *Patent Act* did not exclude inventions involving software or a software-based process. The Court therefore refused to treat software as mere scientific principles or abstract theorems, which are not patentable as such. The Court added that the use of a computer did not change the nature of the discovery and that a process or a procedure using a computer to process data was not patentable, failing further integration of this discovery into a practical system. For instance, a patent application for word-processing software is not a patentable invention. The software must be integrated into an apparatus or process which meets legal patentability criteria.

THE PATENT OFFICE'S NEW APPROACH

The Patent Office later issued new guidelines taking into account this case and subsequent decisions rendered by the Commissioner of Patents regarding computer inventions.

"1. Mathematical formulae with no practical applications are considered to be mere scientific principles or abstract theorems for which no patent may be issued pursuant to section 27(8) of the Patent Act.

2. The inclusion of a programmed computer or software for such computer has no effect on the patentability of an apparatus or process.

3. As a corollary of paragraph 2, new and useful processes embodying software and apparatus which include a programmed computer are considered to be patentable when the computer element is incorporated into another practical system which falls under a class of material which is normally patentable.

This principle shows the type of patent applications dealing with computer material which may be considered to be patentable, but this principle should not necessarily preclude the patentability of other computer-related patent applications."

This new approach taken by the Patent Office, although not necessarily simplifying the problem, will extend patent coverage to many businesses' most valuable assets.

Our next article will deal with the advantages and disadvantages of protecting an invention through a patent as opposed to a know-how agreement.

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