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## Introduction

A patent is a government granted monopoly for a particular term for a particular subject matter. We will be dealing with letters patent of invention.

There are seven aspects to patent protection:

1. Invention – One must have a patentable invention and decide whether to file an application – one might decide to keep it secret instead of filing an application;
2. Application – The application process – a patent is gotten by application on a country-by-country basis. Generally, once an individual decides to file an application he or she should search the database to ensure that the invention is new. The patent application must be drafted – the application must be described and those new elements must be identified. One must decide on the type of application to file and where to file it – for instance, an international drug company will likely file around the world. The application is examined by the patent office and decides whether the invention looks patentable to it. A patent may then be issued;
3. Maintenance – The patent rights must be maintained by the payment of fees;
4. Commercialization – The commercialization of the patent and the invention – this may take various forms, which may involve using the process or product etc., On the other hand, one might sit on the process or product to keep it from competitors. The patent rights may be assigned to a third party. The patent may also be licensed to some other entity;
5. Enforcement – patent rights must be enforced. This may take the form of bringing a patent infringement action, which may be combined with other relief;
6. Validity – there are various ways that a patent may be challenged. For instance, there is a procedure under our law for the re-examination of the patent. An impeachment action may also be brought in order to strike out another patent. Validity can also be raised as a defense if one is being sued for infringement. There are a number of issues: was the matter patentable, obvious, novel, useful, has proper disclosure and claim drafting taken place;
7. Correction – some errors may be corrected and some amendments may be made to the claims.



## The Basic Nature of Patents

### Definitions

A patent is a document issued by a government granting the exclusive right to the manufacture, use and sale of an invention, subject to conditions of the grant. The Canadian Patent Act defines ‘patent’ in section 2 as follows:

“patent” means letter patent of invention

Jowitt’s Dictionary of English Law notes that letters patent are:

Writings of the sovereign, sealed with the Great Seal ... ready to be shown for confirmation by the authority given”

### Jurisdiction

There is no common law right to a patent – the rights are purely statutory. The jurisdiction to grant patents is found in subsection 91(22) of the *Constitution Act*, which provides that the federal government has the jurisdiction over patents of invention and discovery.

#### Commissioner of Patents v. Farbwerke Hoechst (1964) SCC

Facts	Holding
○ Not Done	○ There is no inherent common law right to a patent ○ An inventor gets a patent according to the terms of the <i>Patent Act</i> , no more and no less ○ Parliament can impose such conditions and limitations on patent rights as it sees fit (subject to treaty obligations)

#### Smith Kline & French Laboratories Ltd. v. AG Canada (1987) SCC

Facts	Holding	Ratio
○ The pharmaceutical industry challenged limitations on a patent and claimed more rights	○ Patent rights are purely statutory, unless a right can be found in the statute then it does not exist	○ Patent rights are purely statutory, one is entitled only to what the statute grants

### Legislation – Pre and Post 1989

There were four important areas in which the law changed on October 1, 1989:

1. Novelty – Difference in the novelty criteria and determination of conflict;
2. Obviousness – Difference in test for obviousness;
3. Difference in priority date; and,
4. Difference in the application procedure and related differences in the term and rights to claim against infringers

#### 1. Novelty

One of the important criteria for an invention is that it be new. The question to ask is “new when”? Under the Old Act these criteria for novelty were decided in sections 27 and 28. There were essentially four specific grounds or criteria:

1. The invention could not be described in a patent or prior publication more than 2 years before the Canadian filing date. If something was published more than 2 years before the filing date in Canada it would serve as a complete bar if it was exactly the same thing (27(1) and 28(2));
2. Public use or sale more than 2 years before the Canadian filing date (27(1)(c) and 28(2));
3. Knowledge by somebody else before the invention date – the patent theoretically went to the first inventor;
4. Issue of a corresponding foreign patent.

Under the New Act each of these grounds are gone and have been replaced by a basic requirement: a disclosure so as to make the invention available to the public before the priority date anywhere in the world. The disclosure must be such that anyone can appreciate it without limitation with respect to use or sale in Canada. There is an exception in that if we are talking about a disclosure made by the inventor or someone deriving from the inventor then a one year grace period may be applied. Priority of entitlement is determined by who files first (First-to-File System with a qualification of priority).

The Paris Convention aided in the understanding of the “priority date”. If an individual had filed an application in Germany on September 3, 2002 the Paris Convention provides that an individual may file in another country within one year and claim a priority date corresponding to the original date of filing. The priority date becomes very important in the first-to-file system.

## **2. Obviousness**

Obviousness is a question as to whether or not the invention was obvious based on the state of the art at the time to a person skilled in the art. The difference between the two Acts is when that decision is made. Under the Old Act you would look to the time that the invention was made, which could be just before filing or even many years before. Under the New Act obviousness is tested at the priority date (if there is one) or at the filing date (just the same as novelty).

## **3. Priority Date – Claim Date**

A concept was created in the new Act of Claim Date. The Claim Date is the date to which a particular claim of the patent is entitled, which is either the filing date in Canada or if it is entitled to the earlier priority date, the priority date.

## **4. Application Procedure**

Under the Old Act when an application was filed it was held secret and it stayed secret until the date of the grant or issue. The theory was that if the patent was never granted there would never be anything there. Under the new system, the term was changed from 17 years from the date of grant to 20 years from the date you file in Canada. Because of this the secrecy aspect was also changed. Applications now become published automatically 18 months from the priority date. Because the term runs from the date you file, this also effects the rights under the patent so far as litigation is concerned. Since the term now runs for 20 years from the date of filing, things before the grant until the time it was published can come to be an infringement. Because the liability for infringement runs from the date of publication, this is the reason why someone might request an earlier publication. This is a very significant change because it also means that people now know whether or not there is an application pending. This also means that people, if they see something they do not like, can file a ‘protest’. The major changes are in the term, publicity, and liability for infringement pre-grant.

Along with the amendment there was brought in an entire new regime based on patented medicines. There was at one point a very pro-generic or public view of pharmaceuticals in that there was a limit in

what you can get a patent for and a susceptibility to compulsory licensing. The introduction of the patented medicine notice of compliance regulations (NOC) require a generic drug company to file a notice of non-infringement that may be responded to with a motion for prohibition.

## The Patent “Bargain”

The theory of patents is that a patent is granted to encourage innovation. One of the concepts is that it is a bargain. On the one hand, the inventor comes forward with an invention that is useful and they tell the world about it through their patent and, on the other hand, in return for the disclosure the inventor gets a time-limited monopoly.

### Pioneer Hi-Bred Ltd. v. Commissioner of Patent (1989) SCC

Facts	Holding	Ratio
○ Appeal from the refusal to grant a patent on a new plant variety	○ In Canada, the granting of a patent means a contract between the Crown and the inventor. The exchange is the disclosure of an invention for a monopoly on that invention for a certain period of time	○ The grant of a patent is a time-limited monopoly for a patent in exchange for the disclosure of the invention

Lamer J. refers to Harold Fox’s text, which described the patent grant in the following way:

The consideration for the grant is double: first there must be a new and useful invention, and secondly, the inventor must return for the grant of a patent, give to the public an adequate description of the invention with sufficiently complete and accurate details that will enable a workman, skilled in the art to which the invention relates, to construct or use the invention when the period of the monopoly has expired. The function of the description contained in the specification is both to enable the construction and use of the devices contained therein after the expiry of the patent, and also to enable others to ascertain with some measure of exactness the boundaries of the exclusive privilege upon which they may not trespass during the exercise of the patent

### Cadbury Schwepps Inv. v. FBI Foods (1999) SCC

Facts	Holding
○ Action for misuse of confidential information relating to the recipe for Clamato juice	○ The bargain that lies at the heart of patent protection is a complete monopoly time-limited in exchange for disclosure – this time limited monopoly is designed to make disclosure look more attractive ○ A patent is a statutory monopoly that is given in exchange for a full and complete disclosure by the patentee of his or her invention ○ The disclosure is the essence of the bargain between the patentee and the public, which obtains open access to all the information necessary to practice the invention

## Nature of the Monopoly

Section 42 of the *Patent Act* provides details with respect to the disclosure necessary in order for the patentee to obtain the exclusive right, liberty, and privilege to make, sell, and use the invention. The patentee gets the exclusive right to make, construct, use, and sell the invention.

The term of the monopoly under the Old Act is 17 years and under the New Act is 20 years. However, there was a challenge to Canadian law made before the W.T.O. It was claimed that Canada was not in compliance with the W.T.O. treaty obliging the 20-year term. Canada had to change its law and did so –

from the summer of 2001 any application filed before October 1, 1989 would get 20 years from filing. What is the exclusive right? What is a patent right?

**Steers v. Rogers (1893) HL**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A patent was granted to joint owners</li> <li>○ One of the patentees used the invention and profited</li> <li>○ The other patentee demanded an accounting of the profits</li> </ul>	<ul style="list-style-type: none"> <li>○ Each patentee is entitled to use the invention without the consent of the other and is not bound to the other to account</li> <li>○ Letters patent do not give the patentee any right to use the invention – they do not confer upon him a right to manufacture according to his invention. Letters patent confer the right to exclude others from manufacturing in a particular way using a particular invention</li> </ul>	<ul style="list-style-type: none"> <li>○ Patents are a right to exclude</li> <li>○ Patents do not give positive rights to do things, but rather a right to exclude others from making, using, or selling the invention</li> </ul>

**Sears Roebuck v. Stiffel Co. (1964) US SC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A pole lamp sold by Stiffel resembled a Sears lamp – it was a ‘substantially exact copy’</li> </ul>	<ul style="list-style-type: none"> <li>○ The pole lamp sold by Stiffel is not entitled to the protection of either a mechanical or a design patent</li> <li>○ An unpatentable article, like an article in which the patent has expired, is in the public domain and may be made and sold by whoever so chooses to do</li> </ul>

**Dole Refrigerating Products Ltd. v. Canadian Ice Machine Co. (1957) Ex Ct**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The defendant was supplying refrigerating equipment to customers in Canada</li> <li>○ The plaintiff sued because he had a patent in Canada</li> <li>○ The defendant alleged that title passed in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>○ The exclusive rights conferred by a Canadian patent are limited territorially to Canada – the tort must be committed in the patent’s jurisdiction</li> <li>○ Exclusive rights conferred by a Canadian patent are limited territorially to Canada and are further limited by section 46 to those ‘making, constructing, using and vending to others to be used the said invention’</li> <li>○ A person beyond Canadian jurisdiction who makes, constructs, uses or sell the invention commits no breach of the Canadian patent</li> </ul>

Note: patent law does not protect mere discoveries of how the world works. A patent may only be gotten for an end product or process that employs the theory. The implied value statement is that society is only prepared to pay for practical results and not theoretical discovery. Theories rewards must remain intangible.

## One – Patentable Subject Matter

### Introduction

To find out whether something is patentable or not we start with the statute and the definition of invention:

*Invention* – “invention” means 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.

Is the subject matter of question a new and useful art, process, machine, manufacture or composition of matter?

There are four fundamental requirements for a patentable invention:

1. Patentable subject matter – an art, process, machine etc.,;
2. Invention – the work must be more than an obvious development, it must have inventive ingenuity;
3. Novelty – the work must be ‘new’; and,
4. Utility – the work must be useful

Subsection 27(8) ought to be kept in mind (section 27(3) of the Old Act), which provides that “No patent shall be granted for any mere scientific principle or abstract theorem”. A bare idea is not patentable; it has to be combined with some tangible form. A patent may be obtained where an idea or scientific principle is translated into a practical method or product or machine. In other words, the idea has to be put to use in some practical form.

### “Art”, “Process”, “Machine”, “Manufacture”

Section 2 of the *Patent Act* defines ‘invention’ as follows:

“invention” means 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 general, there must be a technical and commercial objective and a practical application of a product, apparatus, or process. An art is abstract in that it is capable of contemplation, but concrete in that it involves applying physical forces to physical objects to change the character or condition of material objects; it is broader than a method or process.

### Tennessee Eastman Co. et al. v. Commissioner of Patents (1970) Exch. Ct.

Facts	Holding	Ratio
<ul style="list-style-type: none"><li>○ Individual had the idea of using an adhesive to join sides of a wound</li><li>○ What is the interpretation of the word ‘art’? The trial judge looks to the jurisprudence of the U.K. where the statute is different</li></ul>	<ul style="list-style-type: none"><li>○ ‘Art’ should be interpreted equivalent to ‘manner of new manufacture’ as in UK</li><li>○ A method of treating any part of the human body does not afford subject-matter because it is not an ‘art’ or process’ nor is it related to trade and/or commerce</li></ul>	<ul style="list-style-type: none"><li>○ ‘Art’ must be something capable of manufacture – a vendible product</li><li>○ The invention must refer to and be applicable to a tangible thing – a disembodied idea is not patentable</li></ul>

An art or operation can thus be described as a series of acts performed by some physical agent upon some physical object and producing in the object a change in character or condition. This change is both abstract, in that it is capable of being contemplated, and concrete, in that it is connected with a tangible object. This general principle was enunciated with clarity in *Lawson v. Commissioner of Patents*:

**Lawson v. Commissioner of Patents (1970) Exch Ct.**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Individual had an idea for sub-dividing land into particular shapes</li> <li>○ <i>Issue</i>: Is a plan for developing land patentable subject matter?</li> </ul>	<ul style="list-style-type: none"> <li>○ An art or operation is an act or series of acts performed by some physical agent upon some physical object and producing in such object some change either of character or of condition</li> <li>○ Professional skills are not the subject-matter of a patent</li> <li>○ Manufacture connotes the making of something – it must accomplish some change in the character or condition of material objects</li> </ul>	<ul style="list-style-type: none"> <li>○ There can be no process of manufacture unless there is a vendible product of the process – the invention must accomplish some change in the character or condition of material objects</li> <li>○ ‘Manufacture’ connotes the making of something</li> </ul>

**Discovery v. Invention**

It is important to make the distinction between a discovery, on the one hand, and an invention, on the other hand. A discovery is not patentable unless it is put to some useful form. In this sense, discovery ‘lifts the veil’ while invention takes the further step of suggesting an act that will produce a new product, process or combination. A process is a method involving the application of materials to produce a result. Although the method and materials may be known, combining them to produce something new may be patentable. Even if a product is old, a new process to produce it may be patentable, but not the product as made by that process.

**Chipman Chemicals Ltd. v. Fairview Chemical Company Ltd. (1932) Exch Ct.**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The discovery of a new principle, natural law, or a new chemical principle, cannot be patented unless it can be put to some new and useful use in the form of a described process</li> <li>○ A new chemical compound that accomplishes some specific purpose is an invention</li> </ul>

**Shell Oil Co. v. Commissioner of Patents (1983) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The alleged invention is the discovery of the usefulness of particular compounds as plant growth regulators</li> <li>○ The usefulness of these compounds for this particular purpose was not known</li> <li>○ An old compound was combined with a carrier and put to a new use</li> <li>○ It was argued that the compound was old and once decided to use in association with treating plants it ought not to be patentable</li> </ul>	<ul style="list-style-type: none"> <li>○ The discovery of the new utility would provide the invention when combined that it was being used in a useful way</li> <li>○ The idea is that of applying the old compounds to the new use as plant regulators – the application of this new knowledge to effect a desired result which has an undisputed commercial value falls within the words ‘any new and useful’ art</li> <li>○ ‘Art’ must be given its general connotation of ‘learning’ or ‘knowledge’ as commonly used in expressions such as ‘the state of</li> </ul>	<ul style="list-style-type: none"> <li>○ The application (practical embodiment) of new knowledge to effect a desired result falls within the words ‘any new and useful art’</li> <li>○ ‘Art’ is a word of very wide connotation that extends to new and innovative methods of applying skill or knowledge provided it produces effects or results commercially useful to the public</li> <li>○ The discovery of a new use for old compounds that are capable of practical application is an ‘invention’</li> </ul>

	the art'	within the meaning of the definition
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It can be said, therefore, that a new and useful art exists where a discovery has added to the cumulative wisdom and it has established the process whereby these properties may be recognized through practical application. An art includes new processes or products or manufacturing techniques and new and innovative methods of applying skill or knowledge provided commercially useful effects or results are produced.

The Supreme Court of Canada's definition of the term 'art' as enunciated in *Shell Oil v. Commissioner of Patents* in 1983 still receives the same treatment as is evidenced in recent trial division rulings:

**Progressive Games Inc. v. Commissioner of Patents (1999) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A way of playing poker was developed – a special bonus system that made the game attractive as a casino game</li> <li>○ A patent was granted in the U.S. along with relevant licenses</li> <li>○ <i>Issue</i>: Was this modification of the poker game an invention? Does it fall within the definition of 'art' or 'process'?</li> </ul>	<ul style="list-style-type: none"> <li>○ The SCC in <i>Shell</i> defined art as:                             <ol style="list-style-type: none"> <li>1. Is not a disembodied idea but has a method of practical application;</li> <li>2. Is a new and innovative method of applying skill or knowledge; and,</li> <li>3. Has a result or effect that is commercially useful</li> </ol> </li> <li>○ This is not simply a disembodied idea and is commercially useful</li> <li>○ The judge does not believe that the changes are a contribution or addition to the cumulative wisdom on the subject of games – the changes do not refer to 'learning' or 'knowledge', nor do they create a new game</li> </ul>	<ul style="list-style-type: none"> <li>○ The definition of the term 'art' is defined by the SCC:                             <ol style="list-style-type: none"> <li>1. Is not a disembodied idea but has a method of practical application;</li> <li>2. Is a new and innovative method of applying skill or knowledge; and,</li> <li>3. Has a result or effect that is commercially useful</li> </ol> </li> </ul>

**Progressive Games Inc. v. Commissioner of Patents (2000) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Same as above</li> </ul>	<ul style="list-style-type: none"> <li>○ The changes to the game merely modified the poker game as it was generally known – this does not amount to a new and innovative method of applying skill or knowledge</li> </ul>

According to the Canadian Patent Office, patentable subject matter must:

1. Relate to a useful as opposed to a fine art;
2. Be operable, controllable and reproducible as disclosed in the application, and inevitably lead to the desired result;
3. Have practical application in industry, trade or commerce;
4. Have a licit object and be more than a mere scientific principle or abstract theorem; and,
5. Be beneficial to the public.

Mere scientific principles or theorems cannot be patented without a new and useful result in apply them, meaning a vendible article or process.

**Method or Medical Treatment**

Methods of medical treatment of humans and animals are not patentable. Although such methods are unpatentable, articles used in treatment, such as adhesives, a device to activate a surgically implanted device, and diagnostic methods may be patentable. However, were a leading function of an invention is medical, it is unpatentable even if it has another, non-medical leading function.

**Tennessee Eastman Co. et al v. Commissioner of Patents (1972) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Use of an adhesive to close a wound</li> <li>○ <i>Issue</i>: Could a surgical process of a known substance be claimed as an invention?</li> <li>○ Could the new use of an old product be patentable?</li> <li>○ Commissioner held that a method for bonding surface tissue does not constitute patentable subject matter under section 2(d)</li> </ul>	<ul style="list-style-type: none"> <li>○ The method did not lay in the field of economics, but in the field of surgery and medical treatment</li> <li>○ S.41 indicates that a pharmaceutical product is only patentable if made by some particular process</li> <li>○ This is not merely a scientific principle it is an application, but the subject-matter is the discovery that the adhesive is non-toxic</li> <li>○ Since methods of medical treatment are not contemplated under the definition of invention, neither can methods of surgical treatment</li> </ul>	<ul style="list-style-type: none"> <li>○ A mere discovery put to a new use is not patentable as such</li> <li>○ The new use of an old product cannot be patentable</li> <li>○ Since methods of medical treatment are not contemplated, nether can methods of surgical treatment</li> <li>○ <i>Note</i>: Section 41 has now since been repealed.</li> </ul>

**Imperial Chemical Industries v. Commissioner of Patents (1986) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A method of cleaning teeth had been developed</li> </ul>	<ul style="list-style-type: none"> <li>○ Methods of medical treatment are not contemplated as patentable subject-matter as per <i>Tennessee</i></li> </ul>

**Apotex Inc. v. Wellcome Foundation Ltd. (2000) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ AZT was a chemical that had been known</li> <li>○ It was later discovered by the researchers at Glaxo that this was a very powerful drug for the treatment of Aids</li> <li>○ The researchers claimed the composition and use of the drug in association with Aids treatment</li> <li>○ Apotex started importing and selling the chemical AZT for the treatment of Aids – Apotex argued that AZT was an old product whose only novelty lied in the use, however, using it to treat Aids is simply a method of medical treatment</li> <li>○ Glaxo argued that this was not a method of medical treatment, but rather a new composition</li> </ul>	<ul style="list-style-type: none"> <li>○ The trial judge reviews the <i>Shell</i> case &amp; the <i>Tennessee</i> case – he draws a distinction between what was being dealt with there and what was being dealt with here</li> <li>○ The method of using the drug, or treating with the drug cannot be claimed</li> <li>○ <i>Issue</i>: Can a known compound be patented for a new therapeutic drug use that is not a method of medical treatment? Have the inventors merely invented a method to treat using the known compound, or have they invented a new drug use for a known compound?</li> <li>○ New uses for known compounds may satisfy the novelty requirements and, thus, be patentable</li> <li>○ This is a question of fact</li> </ul>

**Apotex Inc. v. Wellcome Foundation Ltd. (2000) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ See above</li> </ul>	<ul style="list-style-type: none"> <li>○ What was invented was a new use for a known compound and not a method of medical treatment</li> <li>○ The essential feature of the invention is the medicinal qualities of the active compound – in order to use if for this purpose the defendants have mixed the compound with a pharmaceutical carrier</li> <li>○ The patent claims a proper subject-matter that does not fall within the prohibited area of a method of medical treatment</li> </ul>

It is interesting to see the evolution of the law in terms of the interpretation of the definition changing even though the language of the definition itself has not changed.



## Biotechnology

Plants and animals and traditional biological processed used to breed them are unpatentable. Reproducible, man-made living matter may be patentable, at least when produced in a manner analogous to chemical compounds, and in such volumes that any measurable quantities will produce uniform properties and characteristics. The SCC in *Re Abittibi Co*, although it did not resolve the issue, left some hope for potential patentees of life forms in distinguishing between two types of genetic engineering:

1. An evolution based strictly on heredity and natural laws; and,
2. A ‘sharp and permanent alteration’ of hereditary traits by changing the genetic material itself

Generally, criteria for patentability are that the living matter as claimed must:

1. Not have existed previously in nature;
2. Be reproducible by an original method or from a deposit in a culture collection; and,
3. Have established utility sufficiently different from known species to be inventive

These general criteria have been put forward by the US SC in *Chakrabarty* and mentioned by the SCC in *Pioneer Hi-Bred*.

### Diamond, Commissioner of Patents and Trademarks v. Chakrabarty (1980) US SC

Facts	Holding
<ul style="list-style-type: none"> <li>○ A genetically engineered bacteria capable of breaking down crude oil was developed, which played an important role in oil spills</li> <li>○ <i>Issue</i>: Does the microorganism constitute a ‘manufacture’ or ‘composition of matter’ within the meaning of the statute?</li> </ul>	<ul style="list-style-type: none"> <li>○ The terms should be defined comprehensively and expansively – Congress has contemplated that patent laws be given wide scope</li> <li>○ Patents should include “anything under the sun that is made by man”</li> <li>○ This is patentable subject matter because it is previously unknown, useful, and man-made</li> <li>○ Everything manufactured is patentable</li> <li>○ Courts should not read into patent laws limitation and conditions that the legislature has not expressed</li> </ul>

### Pioneer Hi-Bred Ltd. v. Commissioner of Patents (1989) SCC

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ An attempt was made to patent a hi-bred soya bean type plant</li> </ul>	<ul style="list-style-type: none"> <li>○ In view of the complexity presented by the question as to the cases in which the result of genetic engineering may be patented, the limited interest shown in this area by the parties in their submissions, and since I share the view of Pratte J. that Hi-Bred does not meet the requirements of s.36(1) of the Act, I choose to dispose of this appeal solely on the latter point (sufficiency of disclosure)</li> </ul>	<ul style="list-style-type: none"> <li>○ The FCA rejected the American notion that “patents should include anything under the sun that is made by man”</li> <li>○ Parliament subsequently enacted legislative provisions (38.1) that reversed the basic decision of this case</li> </ul>

### Monsanto Canada Inc. v. Schmeiser et al. (2001) FCTD

Facts	Holding
<ul style="list-style-type: none"> <li>○ Monsanto’s best product is an herbicide traded under the name “Round Up”</li> <li>○ Monsanto developed a particular Canola seed that was resistant to Round Up and they got a patent</li> <li>○ Protection would be afforded through a contract requiring the purchase of new seeds each season</li> <li>○ Schmeiser had a farm in Alberta which had the seed in it</li> </ul>	<ul style="list-style-type: none"> <li>○ Whether this is patentable will depend upon how the SCC treats the Harvard Mouse</li> </ul>

**President and Fellows of Harvard College v. Commissioner of Patents (1999) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The claims that are being fought over are exemplified by claims 1, 2, 11, and 12</li> <li>○ This case relates to a new type of mouse that is genetically modified to be particularly susceptible to cancer so it can be used to test chemicals more quickly and effectively in the treatment of cancer</li> <li>○ It would appear that cell cultures, use of the mammal, and method of making the mammal are all undisputed by the Commissioner</li> <li>○ The patent office rejected the above-mentioned claims</li> </ul>	<ul style="list-style-type: none"> <li>○ The patentability was allowed by the FCA based on Chakrabarty</li> <li>○ The Commissioner concludes that the SCC deliberately chose not to decide in Pioneer whether the soya was patentable – this suggests that the creations of a reproductive process cannot be the subject of a patent</li> <li>○ The Commissioner notes that the FCA decision in Pioneer considered the decision in Chakrabarty</li> <li>○ The Commissioner considered the Abitibi case and distinguishes it as well because it addresses higher life forms</li> <li>○ The Commissioner concludes he cannot extend the meaning of invention</li> <li>○ The trial judge, Nadon, comes to the same conclusion as the Commissioner</li> <li>○ The FCA chose not to extend the law in Abitibi</li> <li>○ Nadon asks whether it is appropriate to examine the degree of the inventor’s control over the creation – Nadon concludes that it is a factor to consider as to whether to allow patentability – the inventor’s degree of control is a material factor</li> <li>○ Nadon asks whether it is appropriate to distinguish between human intervention and the laws of nature – the essential feature is the introduction of the gene – Nadon will not allow the applicant to have every baby mammal with the gene</li> <li>○ Nadon asks about the relevance of the test of reproductivity in the case and whether it matters if it is a higher life form or not – Nadon, noting that the SCC refused to address the issue, the complex life form does not fit within the current parameters of the Patent Act without stretching the words</li> <li>○ The Commissioner and Trial Judge held it was not patentable</li> </ul>

Until this point, nobody in Canada had viewed higher life forms as patentable. The FCA interprets the statute and conducts its own application. The FCA goes to the US *Chakrabarty* decision for guidance.

**President and Fellows of Harvard College v. Commissioner of Patents (2000) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Same as above</li> </ul>	<ul style="list-style-type: none"> <li>○ Rothstein sees no reason why Chakrabarty should not be applicable in interpreting the definition of ‘invention’ in the Patent Act as the language in Canada is almost identical to the American language</li> <li>○ The Court must respect Parliament’s use of such language and not adopt a narrow approach that would conflict with Parliament’s obvious intention</li> <li>○ The mouse is a composition of matter if you give the interpretation – in view of the definition applied in Chakrabarty the FCA is of the view that the oncomouse is a ‘composition of matter’</li> <li>○ The FCA rejects the notion that this is a mere discovery</li> <li>○ Concluding that this is a patent as a composition of matter, Rothstein refutes the decisions below</li> <li>○ Rothstein notes that where the legislation is the same, American jurisprudence should be given proper deference – there is no reason why the analysis of the US SC does not provide useful guidance</li> <li>○ Rothstein turns Nadon’s decision around and says that the language of the statute includes higher life forms, the legislature, if it wants, can exclude them – he does impose a limitation excluding humans</li> </ul>

**Computer Programs – Data Processing Systems**

Computer programs are protectable by copyright. There is a big difference between copyright and patents. Copyright protects against copying – it does not protect against any independent creation of the work. Patent law, on the other hand, gives no heed to whether something is independently derived. The question is whether there is any reason why computer programs should not be patentable. One of the arguments is that section 27(8) denies the granting of a patent for a scientific principle or abstract

theorem. Computer programs *per se*, or algorithms or instructions to operate them are generally unpatentable. Because computer programs in themselves are mere algorithms falling within the meaning of ‘abstract principles and scientific theorems’ as contemplated by the *Act*, they are not patentable. However, an invention incorporating a computer program may be patentable where the program interacts with physical objects in a novel, useful and inventive way. The courts must ask whether the invention uses the program merely to reproduce information, in which case it is not patentable, or whether the program is used to achieve a physical result, in which case it is patentable.

**Diamond v. Diehr et al (1981) US SC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A method of controlling a molding process by controlling an oven using data</li> <li>○ The argument was that this was a mathematical formulation</li> </ul>	<ul style="list-style-type: none"> <li>○ They seek protection for the process of curing synthetic rubber and not the mathematical formula <i>per se</i></li> <li>○ A claim drawn to subject-matter otherwise statutory does not become non-statutory because a computer is involved – the respondent’s claims were not directed to a computer program/mathematical algorithm, but instead to an improved curing process by solving a practical problem through its use</li> </ul>

The question of protecting computer software was only considered by the Canadian Courts in one case:

**Schlumberger Canada Ltd. v. Commissioner of Patents (1981) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A program was developed for measuring seismic activity</li> </ul>	<ul style="list-style-type: none"> <li>○ To decide whether there is an invention you have to look at what is discovered</li> <li>○ What the appellant claims as an invention is merely the discovery that by making certain calculation according to certain formulae, useful information can be extracted from particular measurements</li> <li>○ This is not an invention within the meaning of section 2</li> </ul>

**Ideas and Principles**

An idea by itself is not patentable, but it may be so if it can be reduced to a definite, practical form. Patentability requires the idea to achieve a physical, practical and commercially useful result. In this context, there are two types of inventions:

1. Methods of applying a new principle; and,
2. New methods of applying a known principle

**State Street Bank and Trust Co. v. Signature Financial Grouping (1998) US CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A method of investing involving mutual funds was developed</li> <li>○ The system is directed to a data processing system for implementing an investment structure</li> <li>○ The system facilitates a structure whereby mutual funds pool their assets in an investment portfolio (Spoke and Hub)</li> <li>○ When properly construed, the information is directed to a machine</li> </ul>	<ul style="list-style-type: none"> <li>○ This is just a machine</li> <li>○ An argument was made that this was a business method</li> <li>○ Looking at Chakarbarty, Rich deals with two other arguments made: mathematical algorithm – transformation of data constitutes a practical application of the algorithm; and, business method – the business method exception is misconceived and there is no such limitation on what you can patent</li> </ul>	<ul style="list-style-type: none"> <li>○ US: the repetitive use of the expansive term ‘any’ show Congress’ intent not to place any restrictions on the subject-matter for which a patent may be obtained beyond those specifically recited in the legislation</li> </ul>

In the U.S. this decision represented a huge watershed. Because of this decision there have been thousands of patents filed. Also, the decision has brought patent law into areas in which nobody thought patents had any business in before: banking, mutual funds, loans, insurance schemes, credit risk estimation, method of teaching foreign languages, method of mortgage and closed-end load portfolio management and the like. What we do know is that the *Harvard Mouse* case has the potential for causing a big impact on this – will the SCC adopt the view in *Chakarbarty* and how will they deal with *Shell Oil*?

### **Kynoch and Co. Ld. v. Webb (1900) UK HL**

<b>Facts</b>	<b>Holding</b>	<b>Ratio</b>
○ Not Done	○ Statute says that improvements in subject matter are patentable	○ Improvements are patentable

### **Presumption of Validity**

Patents are presumed to be valid. The invalidity of any patent claim does not affect the remaining claims of the patent. The onus to prove the validity of the patent shifts to the patentee only when the attacking party can show some evidence to the contrary on a balance of probabilities. In assessing the validity of the patent, one must look to the patent itself rather than to what the patentee produces or commercializes.

## Two – Invention

### Introduction

There is a requirement that the subject-matter not be obvious in light of the state of the art. This question of whether subject-matter has invention or is obvious is one of the most common, yet difficult questions in the area of patent law. The tests are relatively simple. The application of those tests is what gives the problem. The statement of the test differs slightly between the patents that are under the old Act and those under the new Act.

The FCA in *Windsurfing v. Trilantic* gave the traditional test:

Would an unimaginative skilled technician at the date of the invention ... in light of his general knowledge and the literature and information on the subject available to him on that date have been led directly and without difficulty to the invention?

There are a number of important considerations:

1. Who is the skilled technician?
2. What level of inventive ingenuity is required?
3. What is the test for the date of the invention?
4. What falls within common general knowledge?
5. What literature may be taken into consideration?
6. How close does the invention have to be to determine that this person with that art on that date would be led to that invention?

The original, principal statutory requirements for patentability are novelty and utility, but courts added the requirement of an inventive step in the expression or embodiment of a new and useful idea. This has been confirmed recently by statute – at section 28.3 there is an express requirement for inventive ingenuity:

The subject matter defined by a claim in an application for a patent in Canada must be subject matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to

- (a) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and,
- (b) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the public in Canada or elsewhere

Thus, novelty and utility are insufficient without at least a ‘scintilla’ of ingenuity in the result or the process of achieving it; that impalpable something which would not have been obvious to an ordinary person skilled in the art, having regard to the state of the art and common general knowledge available.

The important considerations in the new Act are:

1. Who is the person skilled in the art or science?
2. What is the claim date?
3. What information may be taken into consideration?
  - a. Information derived from the applicant – you cannot consider this information unless it was disclose more than one year before the Canadian filing date. If the inventor comes up with an idea and tries it out in the market to see how it works and finds its success,

that inventor may still file a patent in Canada if he does so within a year of the time that he first made the subject-matter available to the public. However, in every other country in the world any publication at all by the inventor or anybody else is treated the same and destroys the patentability;

- b. Information from other sources – this information is available at the filing date

“Available” means available to the public at the relevant date.

### *Hypothetical – Claim Dates and Timing*

Suppose an invention is created on September 16, 2002 and the inventor comes to you. The inventor tells you that there is a trade-show coming up on December 1, 2002. The patent application process begins, but is dragged on. The application is filed in the United States on January 1, 2003 and filed in Canada on January 1, 2004. In this case, the patent will have a claim date of January 1, 2003, but because a disclosure was made at a trade-show on December 1, 2002, which is more than one year of the Canadian filing date, under paragraph (a) that disclosure can be used against you for the purposes of the Canadian patent law.

## **The Requirement of Inventive Ingenuity**

There must be inventive ingenuity to support a valid patent. In considering the question of obviousness or inventive ingenuity there are really two sorts of competing themes that can be seen in the authorities:

1. Judicial anxiety to support a patent for a useful invention;
2. Skepticism about any attempts to challenge the validity of a patent on the basis that it was an obvious variation of a prior art

A lack of invention – also called obviousness – is fatal to patentability. Something is said to be obvious when it would occur directly to an ordinary person skilled in the pertinent art or science searching for something novel without serious thought, research, or experiment. This is known as the “Cripps Question” enunciated in the English case of *Sharpe & Dohme v. Boots Pure Drug* (1928) Eng CA.

It is recognized that it is very easy to say, in hindsight, that something was obvious. On the other hand, it is also a matter of public interest that patents not be granted for obvious extensions of what is known. To do so, unnecessarily fetters legitimate development and a statutory monopoly is granted for a limited period of time. There have been very limited judicial considerations of the new Act requirements to date. Those limited cases, however, have followed the same principles as applied in the older authorities with a single variation: that being the new priority date regime based on the claim date.

### **Commissioner of Patents v. Farbwerke Hoescht (1964) SCC**

<b>Facts</b>	<b>Holding</b>
○ Not Done	○ It has never been questioned that a valid patent requires inventive ingenuity

## **Time of Assessment**

In practice the court would use the priority date as the date of invention unless the patentee could show an earlier date. Under the Old Act, Canadian authorities have used the date of invention as the date of assessing an answer to the Cripps Question. Under the New Act, the critical date, established on a claim by claim basis, should be the ‘effective filing date’ (the earlier of the actual filing date, the deemed filing

date for a second application, or the filing date of an application under the Patent Cooperation Treaty) or any priority date claimed under the Paris Convention.

### Date of Invention (Old Act)

The date of invention is a critical issue in the first-to-invent system under the Old Act. The date is relevant in determining validity when the invention is challenged for lack of novelty or obviousness. The date of invention is when the inventor can prove:

1. That he first formulated, whether verbally or in writing, a description affording the means of making the invention in a form discernable to persons skilled in the art;
2. In the case of a process, the date it was first used;
3. In the case of an apparatus, when it was made or reduced to practice (if at all); or,
4. Otherwise, the earliest date determined from the records of the Patent Office

The applicable test for an invention date is found in the following:

#### Ernest Scragg v. Lessona Corp (1964) Exch. Ct

Facts	Holding	Ratio
○ Not Done	○ If an inventor can prove that he formulated a description of his invention, either in writing or verbally, at a certain date then he must have made the invention at least as early as that date – the requirement of proof is not necessary in the case of an invention of some apparatus where the inventor can prove that at the asserted date he had actually made the apparatus itself	○ It is not enough for a man to say that an idea floated through his brain – he must at least have reduced it to a definite and practical shape before he can be said to have invented a process ○ The essential fact to be proved is that at the asserted date the invention was no longer merely an idea floating through the inventor’s brain, but that it had been reduced to a definite and practical shape

#### Permutit Company v. Borrowman JPCPC

Facts	Holding
○ Not Done	○ It is not enough to have an idea floating around in one’s mind – the idea must have been reduced to a definite and practical shape before it can be said to have invented a process

#### Christiani and Nielson v. Rice SCC

Facts	Holding
○ Not Done	○ The date of discovery of the invention means the date at which the inventor can prove he has first formulated, either in writing or verbally, a description which affords the means of making that which is invented ○ A verbal disclosure is only as good as the proof you can make of it

The U.S. position is concerned with conception versus reduction to practice. Conception would include a written description while a reduction to practice is tangible experimentation and modeling.

The date at which obviousness is tested under the old Act is the ‘date of invention’, which is determined based on the authorities above.

**Step One** – What art can be considered? What is the priority date? Under the old Act it is the date of invention, under the new date it is the claim date.

**Step Two** – Who does the considering? The unimaginative skilled worker – skilled in the art. What is the level at which you take this person and what knowledge is this person supposed to have? It depends on the subject matter.

### Person Skilled in the Art

In practice, the person skilled in the art must meet a relatively low standard. This person must have an unlimited capacity to understand scores of content, but must be incapable of invention.

#### General Tire v. Firestone Tyre (1972) CA

Facts	Holding
○ Not Done	○ A skilled person is a skilled man reasonably well versed in the art ○ A composite person – a person who had a lot of experience in the field

#### Technograph v. Mills & Rockley (1972) HL

Facts	Holding
○ Not Done	○ The person is supposed to have an unlimited capacity to assimilate the contents of scores of specifications but to be incapable of a scintilla of invention – the ‘mosaic’ must be one that can be put together by an unimaginative man with no inventive capacity

#### Beloit v. Valmet Oy (1986) FCA

Facts	Holding
○ Not Done	○ The classical touchstone for obviousness is the technician skilled in the art but having no scintilla of inventiveness or imagination: a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right

Thus, we test at the relevant date for obviousness, which depends upon the applicable statute, and we look through the eyes of a person skilled in the art who is knowledgeable, yet unimaginative. After having accomplished these two steps, the next step becomes difficult: applying the test.

### Test for Obviousness/Lack of Invention

A useful question to ask is whether the alleged new use resembles the old one so closely that it might have been suggested by the old use to persons skilled in the art; in that case, there is imitation, not invention. However, if the new use overcomes difficulties in the art or there is ingenuity in adapting it to a new use, it is patentable.

#### Edison Bell v. Smith and Young (1894) Eng CA

Facts	Holding
○ Not Done	○ Want of subject-matter (or lack of invention) means that although the invention is new it is so easy, so palpable, that everybody who thought for a moment would come to the same conclusion

#### Pope Appliance Corp. v. Spanish River (1929) JCPC

Facts	Holding	Ratio
○ A paper-making machine was developed	○ If the process required no invention it is odd that people were	○ Invention is finding out something that has not been found out by



<ul style="list-style-type: none"> <li>○ The paper had to be fed through a number of rollers – this was a dangerous operation because of the wetness and fragility of the paper</li> <li>○ An individual came up with the idea of using a scraper and blower to feed the paper</li> <li>○ There had been scrapers and blowers used previously in the paper industry – but not this way</li> <li>○ <i>Issue</i>: Was this use of scrapers and blowers inventive?</li> </ul>	<p>allowed to go on pinching their fingers for thirty-five years!</p> <ul style="list-style-type: none"> <li>○ Invention is finding out something which has not been found out by other people</li> <li>○ Pope found out something other people had not – he found that paper would stick and solved a practical problem</li> </ul>	<p>other people</p> <ul style="list-style-type: none"> <li>○ Where a problem has been circumvented, even by quite simplistic means, the simplicity of the invention may be mitigated by contemplating why the particular solution had never been implemented before</li> </ul>
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**Lightning Fastener v. Colonial Fastener (1933) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ An idea was to put the pull in the middle of the zipper instead of at only one end</li> </ul>	<ul style="list-style-type: none"> <li>○ Merely putting two old elements together is not a combination patentable in law</li> <li>○ Routine developments are not patentable</li> <li>○ It is not the object of the Act to grant a patent to every slight advance in the domain of mechanism</li> </ul>	<ul style="list-style-type: none"> <li>○ A patent will be granted to a mechanical improvement where the extent of the advance made over the previous patent shows an inventive step or discloses an invention in the pertinent sense</li> </ul>

**General Tire & Rubber v. Firestone Tyre and Rubber (1972) Eng CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ This was an action to a patent relating to oil extended rubber</li> <li>○ Oil/Carbon was used in rubber to improve the product</li> </ul>	<ul style="list-style-type: none"> <li>○ Issue: What is meant by obviousness?</li> <li>○ There are a number of preliminary questions:                             <ol style="list-style-type: none"> <li>1. What was the common general knowledge at the time?</li> <li>2. Does the improvement require any inventive step or is it merely a matter of the type of trial and error that forms the normal industrial function of the time?</li> <li>3. What documents are available to the person skilled in the art at the time and how would he regard them in light of the common general knowledge?</li> </ol> </li> <li>○ Obviousness is a question of fact that ought to be addressed objectively in light of the state of the art and the common general knowledge</li> <li>○ Commercial success – if you have an invention that is challenged, the patent owner will put forward the success that the invention has had to indicate that, at the time it was made, it was not obvious</li> <li>○ The very widespread adoption of a process is of value on the issue of obviousness</li> </ul>	<ul style="list-style-type: none"> <li>○ Whether or not something was inventive depends on the state of the art at the time and the common general knowledge at that time</li> <li>○ Commercial success may be indicative of the inventive ingenuity of a proposed invention</li> <li>○ The trier must get him or herself away from hindsight analysis and enter the framework of the relevant time</li> </ul>

There is a distinction between common general knowledge of the art versus everything available to the public – common general knowledge is the stock and trade of the ordinary person in the field; public knowledge can be considered, but only in light of the common general knowledge. Common general knowledge refers to the person skilled in the art. Note: MacOdrum *really* likes this decision

**Farbwerke Hoechst v. Halocarbon (Ontario) Ltd. (1979) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ An anesthetic product was developed and a patent was applied for dealing with the process of making the product</li> <li>○ There had been a prior teaching, but it wasn't clear whether it was in the liquid or gaseous phase</li> <li>○ This was for the liquid phase</li> <li>○ The CA found there to be no invention</li> </ul>	<ul style="list-style-type: none"> <li>○ Issue: How do we determine obviousness?</li> <li>○ Would a person skilled in the art in light of the state of the art have come successfully to the invention?</li> <li>○ <i>Pope</i>: Invention is finding out something that has not been found out by other people</li> <li>○ <i>Canadian GE</i>:</li> <li>○ If the liquid phase process was obvious, why was it not used sooner?</li> </ul>	<ul style="list-style-type: none"> <li>○ A new combination of well known devices and the application thereof to a new and useful purpose may require invention to produce it and may be good subject-matter for a patent</li> </ul>

*Canadian GE v. Fada Radio JCPC*

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ There must be a substantial exercise of the inventive power or inventive genius, though it may in cases be very slight. Slight alterations or improvements may produce important results, and may disclose great ingenuity – a new combination of well known devices and the application thereof to a new and useful purpose may require invention to produce it and may be good subject-matter for a patent</li> </ul>

**Windsurfing International v. Tabur Marine (1985) Eng CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ See below</li> </ul>	<ul style="list-style-type: none"> <li>○ Four part test for determining obviousness:                             <ol style="list-style-type: none"> <li>1. Identify the inventive concept embodied in the patent in suit;</li> <li>2. What was the common general knowledge of the art in question;</li> <li>3. What if any difference exist in the matter cited as being known and used and the alleged invention;</li> <li>4. Do those difference constitute an invention?</li> </ol> </li> <li>○ The patent could be obvious</li> </ul>

**Windsurfing International v. Trilantic (1986) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent relates to wind-propelled vehicles in general</li> <li>○ Prior art was cited against the patent</li> <li>○ The only area of distinction is where the prior art is set into a socket that can be turned, in the sail board the mast ought to be able to fall free in any direction controllable by the user</li> </ul>	<ul style="list-style-type: none"> <li>○ What is examined is only that which is claimed in the patent</li> <li>○ What would the person skilled in the art have known? Would s/he have come up with the invention?</li> <li>○ The windsurfer had incredible commercial success – this tends to support the presumption of inventive ingenuity and absence of obviousness although it is not conclusive on either point</li> <li>○ As of the date of the invention the advantages of a Marconi rig were not obvious to Darby – someone actually skilled in the art of</li> </ul>	<ul style="list-style-type: none"> <li>○ The test for obviousness: Would an unimaginative skilled technician at the date of invention in light of his general knowledge and the literature and information on the subject available to him on that date, have been led directly or indirectly and without difficulty to the invention? (from <i>Beecham Canada Ltd. v. Proctor &amp; Gamble</i>)</li> </ul>

	designing sailboards ○ How can it be obvious where someone working in the field experimenting widely would not hit upon the idea himself?	
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It is critically important to consider what claim it is that you are dealing with.

**Beloit Canada v. Valmet Oy (1986) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Paper-making machine</li> <li>○ At every given stage one of the areas in the machine has a limiting factor (weakest link theory)</li> <li>○ Prior to this invention the limiting factor was the press section</li> <li>○ Huge rolls press between them the pulp and creates semi-dry, self-supporting paper that can be fed</li> <li>○ The invention was three press rolls at the beginning of the machine, which would squeeze more water and run the machine faster</li> <li>○ Both companies came up with the idea at about the same time</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Was the addition of a roll to squeeze excess water obvious?</li> <li>○ There is a difference between novelty and obviousness – anticipation means that the very subject matter was done before while obviousness says, “any fool could have done that!”</li> <li>○ Every invention is obvious after it has been made (hindsight)!</li> <li>○ The judge puts objective factors in balance against counsel’s evidence for obviousness and concludes there to be no contest – this is not obvious</li> <li>○ The specifics of the case must be looked to</li> <li>○ The classical touchstone for obviousness: the technician skilled in the art but having no scintilla of inventiveness or imagination, a paragon of deduction, wholly devoid of intuition, a triumph of the left hemisphere over the right</li> <li>○ The question to ask: whether this mythical creature would in light of the state of the art and of the common general knowledge as at the claimed date of invention have come directly or indirectly and without difficulty to the solution taught by the patent?</li> </ul>

**Bayer AG v. Apotex Inc. (1998) ON CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ This cases involves an amphetamine for treating angina</li> <li>○ A product that was previously known as a pharmaceutical with a patent on a particular type of capsule was challenged – was it a real advance that warranted a patent?</li> </ul>	<ul style="list-style-type: none"> <li>○ Obviousness connotes something that would have been apparent or ‘plain as day’</li> <li>○ The test is not whether anyone skilled in the art could have achieved a particular result, but whether the particular result would have been very plain to the unimaginative technician</li> <li>○ It is not appropriate to say that there were significant telltales that pointed the way for the mythical expert or that there were sufficient clues which made the invention ‘worth a try’ – the mythical person is expected to instantly exclaim, “I already know the answer and it is obvious”</li> </ul>	<ul style="list-style-type: none"> <li>○ The test for obviousness is whether the particular result would have been very plain to the unimaginative technician</li> <li>○ The mythical person is expected to exclaim, “I already know the answer and it is obvious”</li> </ul>

*Note:* Cumming J. at the Court of Appeal does not indicate that he supports the reasoning of the trial judge although he agrees with the finding.

**Haberman et al. v. Jackel International (1999) Eng Patents Ct.**

Facts	Holding
<ul style="list-style-type: none"> <li>○ This case involved a trainer cup for children that would avoid spills</li> <li>○ The market version of the invention had only a slit valve</li> <li>○ The cup did avoid spillage and patentee argued if it was so obvious, why did nobody else think of it?</li> <li>○ People were trying to come up with solutions for quite some time, but could not</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> What were the people skilled in the art doing?</li> <li>○ This is a real simple invention, but because people were looking for a solution to the problem for years she deserved the patent</li> <li>○ To be of value of helping to determine whether a development is obvious or not it seems to me that the following matters are relevant:                         <ol style="list-style-type: none"> <li>1. What was the problem which the patented development addressed?</li> <li>2. How long has the problem existed?</li> <li>3. How significant was the problem seen to be?</li> <li>4. How widely known was the problem and were many seeking a solution?</li> <li>5. What prior art would have been likely to be known to all or most of those seeking a solution?</li> <li>6. What other solutions were put forward in the period leading to the applicant's development?</li> <li>7. To what extent were there factors which would have held back the exploitations of the solution even if it was technically obvious?</li> <li>8. How well was the applicant's development received?</li> <li>9. Can it be shown that the commercial success is due to the development's technical merits?</li> </ol> </li> </ul>

**M-I Drilling Fluids Canada v. Q'Max Solutions Inc. (2001) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The test for obviousness is set out in section 28.3 of the Act</li> <li>○ The relevant test is that set out in Beloit merely replacing 'date of invention' with 'claim date' as defined in section 2 of the Act</li> </ul>	<ul style="list-style-type: none"> <li>○ Under the new Act the priority date is the claim date and not the date of invention</li> <li>○ Question: Whether this mythical creature would in light of the state of the art and of the common general knowledge as at the claim date have come directly or indirectly and without difficulty to the solution taught by the patent</li> </ul>

The test is actually very easy to state: Cannot be obvious at the claim date in light of the common general knowledge of the art and in the specific arts as described in subsections 28.3(a) and (b). However, specifically applying it to a set of facts is very difficult.

**The Relevant Knowledge**

What literature and information is available to the person skilled in the art? Is it all public knowledge at that date or are there restrictions on the public literature and public knowledge that can be considered? There is a real dispute in Canada as to what the law is. Common general knowledge in the relevant trade and perhaps in analogous trades is a bar to patentability, and is distinguished from prior use or publication, although it can include them. An invention or disclosure does not become common knowledge until it is known and accepted generally by duly qualified persons engaged in the relevant art.

**Technograph Printed Circuits v. Mills & Rockley (1972) UK HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The issue related to infringement of a patent for electric circuit networks</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Reid:</b> There is a limit on what the person skilled in the art would have access to</li> <li>○ The same wording is used in the statute relating to anticipation and</li> </ul>

	obviousness ○ However, it is doubted that they were intended to mean the same ○ For obviousness you should focus on what was or ought to have been known to a <i>diligent searcher</i> ○ <b>Diplock</b> : The meaning of the words are not any different – the same language were used and thus the same meaning should be given
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Section 28.2 – Statutory definition of anticipation

Section 28.3 – Statutory definition of obviousness

Both of these sections use the same language – prior disclosure of art and documents.

**Procter & Gamble v. Kimberly-Clark of Canada (1991) FCTD**

Facts	Holding
○ This was an infringement action relating to the process of elasticizing portions of disposable garments	○ Judge expresses a concern with the methodology of the search – the classes and subclasses were given to him such that it could not be said that he had conducted an independent search ○ Based on the evidence in front of the judge it is not clear that a diligent search would produce the prior art patent

**Combination v. Aggregation**

The classic example of something that is a mere aggregation and not a combination is the pencil and eraser – sticking one on the end makes it more convenient, but it is not actually a unitary combination.

*Crila Plastic v. Ninety Eight Plastic (1986) FCTD*

Facts	Holding
○ The pliable edge protector	○ You have to have something that functions together to give a unitary result

**New Use for a Known Material**

*Somerville Paper v. Cormier (1941) SCC*

Facts	Holding
○ Not Done	○ The surprising discovery of some new utility may provide the basis for an invention ○ You can have invention in a new use for something old if it is really new and not an obvious variation of what went before

## Three – Novelty

### Statutory Provisions

#### Old Act

There are really three key items that you need to get a patent:

1. There has to be some invention;
2. It has to be new; and,
3. It has to be useful

The idea of novelty is – even though clever, the idea was already known

The idea of obviousness is – even though new, any old fool could have come up with it

There are two statutory regimes for patents with significant differences between the Old Act and the New Act. The provisions of Old Act section 27(1) is key:

- 27.(1) Subject to this section, any inventor or legal representative of an inventor of invention that was:
- (a) not known or used by any other person before he invented it,
  - (b) not described in any patent or in any publication printed in Canada or in any other country more than two years before presentation of the petition hereunder mentioned, and
  - (c) not in public use or on sale in Canada for more than two year prior to his application in Canada
- may, on presentation to the Commissioner of a petition setting out the facts, in this Act termed the filing of the application, and on compliance with all other requirements of this Act, obtain a patent granting to him an exclusive property in the invention.

These three subsections are the main provisions supporting an attack on novelty. Section 27(1)(a) requires that someone else used the idea first and the public comes to know of this use. If the public does not come to know of the invention then someone else may come along and patent the idea. Section 27(1)(b) contemplates a situation where another individual has a concept and discloses it in some publication, then a patent cannot be gotten for it. Note that subsection 61(1) provides a number of saving provisions where an individual being attacked on novelty may defend based on any one of the three circumstances listed.

Under the old first-to-invent system, a first inventor could defer applying for a patent as long as the invention was not disclosed to the public outside of the statutory grace period and could assert his/her prior inventorship against anyone who invented the same thing subsequently, but applied for a patent first.

#### New Act

Under the New Act, the principal section affecting novelty is section 28.2:

- The subject-matter defined by a claim in an application for a patent in Canada must not have been disclosed
- a. More than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant, in such a manner that the subject-matter became available to the public in Canada or elsewhere;

- b. Before the claim date by a person not mentioned in paragraph (a) in such a manner that the subject-matter became available to the public in Canada or elsewhere

“Subject-matter” in this context means whatever is described or defined in the claim. There are three basic grounds to support an attack on novelty:

1. The disclosure by the inventor more than one year before the filing date;
2. The disclosure by someone other than the inventor before the claim date; and,
3. An application in Canada that discloses the subject-matter that has an earlier claim date

## Generally

An invention is said to be anticipated if its essential features are disclosed in a single piece of prior art. The prior art must provide:

1. An exact prior description;
2. Directions that will result inevitably in something that falls within the claims;
3. Clear and unmistakable directions;
4. Information which is equal to that given by the subject invention;
5. Information so that a person grappling with the problem would say, “That gives me what I wish”;
6. Information to a person of ordinary knowledge so that he must perceive the invention; and,
7. Information that, in the absence of explicit directions, teaches an inevitable result that can be proved only by experiments

The SCC expressed anticipation in the following way in *Farbwerke Hoechst A.G. v. Halocarbon* (1979): Anticipation may be called the converse of infringement in that something which infringes on a patent if it came later than the patent invention may be said to anticipate the patented invention if it came earlier.

The major difference in applying the tests for anticipation or obviousness is that anticipation requires an exact prior description in a single source, while obviousness can be based on everything from a single disclosure to a ‘mosaic’ of the entire state of the art. Courts prefer to assess obviousness before anticipation, as a patent lacking inventiveness cannot be novel, but a patent lacking novelty may possess the inventiveness required.

### Gadd v. The Mayor of Manchester (1892) Eng CA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>o Gadd had applied for a patent ignorant of the fact that Mr. Terrace had come up with a similar concept</li> </ul>	<ul style="list-style-type: none"> <li>o <i>Issue</i>: Whether Terrace had conceived of the idea in a way that went beyond a secret private use</li> <li>o Terrace’s use did not amount to a publication to the public</li> </ul>	<ul style="list-style-type: none"> <li>o An invention must be used in public and/or come to the public’s knowledge in order to support a claim of anticipation</li> </ul>

### Baldwin v. Western Electric (1934) SCC

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>o Appellant argued that the respondent’s combination of elements in its device was anticipated by the prior art</li> </ul>	<ul style="list-style-type: none"> <li>o Two key points:                             <ol style="list-style-type: none"> <li>1. Where you are talking about a patent where the invention lies in the taking of a number of different elements, you are not worried about the individual elements, but rather the combination as a whole;</li> <li>2. When you talk about an anticipation you have to find the anticipation in a single place – you cannot say that two</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>o A combination of old art in a new way may be patentable</li> <li>o Anticipation must be found in <i>one</i> single source</li> </ul>

	different prior arts taken together support anticipation	
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**C. Van Der Lely v. Bamfords (1963) HL**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ An invention was charged as replicated from the photographs of an illustrated article of the Morill machine</li> <li>○ The appellant made the machine</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> In referring to a photograph as prior art, what does the photograph have to show?</li> <li>○ Where you are dealing with a photograph, it has to be looked at from the perspective of a skilled worker in the field – this is a question of fact</li> <li>○ The person working from the photograph must be able to gather everything that is required to build the invention from it</li> </ul>	<ul style="list-style-type: none"> <li>○ General test for photos: It must be possible for a person skilled in the art, without adding a scintilla of invention, to produce a workable machine from the photo</li> </ul>

**Lightning Fastener v. Colonial Fastener (1933) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ What amounts to infringement, if posterior, should amount to anticipation, if anterior</li> </ul>

**Molins v. Industrial Machinery Co. (1938) Eng CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A patent for a machine for making cigarettes was at issue</li> <li>○ There were older machines that did it, but because of the level of sophistication of the devices there was an upper limit to productivity</li> <li>○ There was a device called Bonsack where if one were to look at an illustration it could be seen that the paper and tobacco was fed at an angle</li> <li>○ Molins was working with high-speed machines where technicians would drop the tobacco at 90 degrees</li> </ul>	<ul style="list-style-type: none"> <li>○ Issue: Did the incorporation of the Bonsack angle constitute anticipation?</li> <li>○ The court looked at the claims and found that the older device was a complete anticipation</li> <li>○ The claim as drawn was not limited to high or low speed machines</li> <li>○ The court asked whether there was any difference from a patent point of view in the way the trough functioned in a high speed or low speed machine</li> <li>○ Molins' claim in describing Bonsack included old matter</li> </ul>	<ul style="list-style-type: none"> <li>○ The use of old matter in a claim is ground for an attack based on anticipation</li> </ul>

**Diversified Products v. Tye-Sil (1991) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A convertible rower was developed that could be switched from a horizontal to vertical position</li> <li>○ It was argued that the Beacon 3002 could be tipped and used in the vertical way</li> </ul>	<ul style="list-style-type: none"> <li>○ The tests in <i>Reeves</i> are alternatives, there is no need to prove each one of them</li> <li>○ There was never indication that the Beacon 3002 could be used in a vertical fashion – it was never designed to do that in a natural, normal and stable way</li> </ul>	<ul style="list-style-type: none"> <li>○ The court will not accept a hindsight analysis arguing that a particular patent <i>can</i> be used as the new invention does as support for anticipation</li> </ul>

**Hoffmann v. Commission of Patents (1955) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent in question claimed a new process for making an old compound</li> <li>○ Claims to the old product by the new</li> </ul>	<ul style="list-style-type: none"> <li>○ The product is old and available</li> <li>○ The product may not be</li> </ul>	<ul style="list-style-type: none"> <li>○ An old product cannot be claimed as patentable subject-matter because of a new process, only the</li> </ul>



process were included	claimed, but the process may	process can be patented
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### Prior Publication

An invention is unpatentable if it is described in a previously applied for or issued patent outside of any applicable grace period. There is less weight accorded to ‘paper’ patents that are old, forgotten or never used in either refusing applications or invalidating patents for anticipation. If the only anticipation one has is some obscure publication with no indication that someone tried to make the device, the court is not likely to support the claim for anticipation.

Under the Old Act, an invention is unpatentable if it is described in a printed publication more than two years before it is the subject of a Canadian patent application. Under the New Act, any disclosure by a person other than the applicant through him bars a patent, subject to a one-year grace period for inventor-derived public disclosures. This bar to patentability requires publication of the whole invention, meaning all that is needed to show the public how to put the invention into practice.

### General Tire & Rubber Co. v. Firestone Tyre (1972) Eng CA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Anticipation by prior publication requires:                             <ol style="list-style-type: none"> <li>1. The patentee’s claim is construed as of the date of its own publication;</li> <li>2. Each one of the pieces of prior art is read as of the date of publication of that prior art;</li> </ol> </li> <li>○ The ‘worker skilled in the art’ is not always a single individual – a lot of modern devices have various components requiring various people skilled in the art – it is not a single mythical creature, but it may be a team</li> <li>○ The prior publication must teach the invention – for an earlier publication to invalidate a patent, the earlier publication must lead the reader directly to the result</li> </ul>	<ul style="list-style-type: none"> <li>○ Each piece of prior art must be looked at it as of the date of its publication.</li> <li>○ A person skilled in the art could be a team of individuals</li> <li>○ The prior art must teach the invention</li> </ul>

### Glaverbel v. British Coal (1995) Eng CA

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Anticipation does not have to be equal for practical utility, but must do something that will fall into the claims</li> <li>○ In order to invalidate the claim, one must only show that the claim includes within its scope something that was old</li> <li>○ The prior patent does not necessarily have to be equivalent for practical utility, but only teach something that is within the scope of the claims</li> </ul>

### Farbwerke Hoescht v. Halocarbhone (Ontario) (1979) SCC

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The anticipation must have clear and unmistakable directions, it is not enough to point in some general direction</li> </ul>

### Consolboard v. MacMillan Bloedel (1981) SCC

Facts	Holding
<ul style="list-style-type: none"> <li>○ Issue: What is to be looked</li> </ul>	<ul style="list-style-type: none"> <li>○ If the prior disclosure clearly teaches an individual to do something that infringes,</li> </ul>

for in a prior art?	that is definitely an infringement ○ Unless it jumps up and bites you, it is unlikely to pass muster
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**Beloit Canada v. Valmet Oy (1986) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patent was invalidated twice at trial and found valid on appeal</li> <li>○ The court was concerned with the test as the trial judge had applied it</li> </ul>	<ul style="list-style-type: none"> <li>○ Anticipation must be found in a specific patent or other published document, not from a variety of prior publications</li> <li>○ Where the invention consists of a combination of several known elements, any publication that does not teach the combination of all the element claimed cannot possibly be anticipatory</li> </ul>

**Proctor & Gamble v. Kimberly Clark of Canada (1991) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Reading the earlier patent with the benefit of hindsight</li> <li>○ The prior publication has to teach the invention – the individual must be led directly to the invention – A bare infringement test is not sufficient</li> </ul>

This case may have muddied the law to a certain extent – he has combined two concepts that ought not to be combined (infringement and new concept). Simply, if the earlier patent says “do this” and you do that and it comes to the claim of the new patent, then the new patent is no good. You have to be sure that the earlier patent does tell you to do something that comes within the scope of the claims. That is why we are talking about reading the claim in light of the state of the art at the time of publication.

**Control Datea v. Senstar (1989) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A second publication was referred to in the footnote of the first publication</li> <li>○ Could two publications be merged into effectively one?</li> </ul>	<ul style="list-style-type: none"> <li>○ Any document that refers to another is not incorporated into the first – these are still two separate documents</li> </ul>

**Asahi Kasie Kogyo KK’s Application (1991) HL**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ For a prior publication to be an anticipation, it has to be an enabling disclosure in the sense that it must tell the individual how to make the invention</li> <li>○ It is not enough that the earlier patent will to someone something generally – it must tell the person, step-by-step, as to how to make the invention</li> </ul>	<ul style="list-style-type: none"> <li>○ The earlier patent or publication must tell the person skilled in the art how to come directly to the invention in order to achieve the desirable result</li> </ul>

**Prior Public Use**

Under the Old Act, no patent will be issued for an invention that has been used publicly or sold in Canada more than two years before it is the subject of a patent application. Under the New Act there is a one year grace period for inventor-derive public disclosures. The bar relates to whether an invention was used publicly, not to whether it was used by the public. The following have been held to constitute public use:

1. Giving a single device to a customer without restriction on use or disclosure outside of any grace period for novelty;
2. Advertising in a foreign magazine with Canadian circulation;;

3. Showing drawings and samples of the invention

One must ask whether the alleged prior use disclosed the nature of the invention sufficiently to enable the public to ascertain its composition or method of manufacture; if competent workers exercising reasonable skill could ascertain the components of the prior use that appear in a later patent, then there is anticipation. Once public use is proven, the applicant or patentee has the opportunity to show that the use was experimental.

**Stahlwerk Becker Aktiengesellschaft’s Patent (1918) HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A particular alloy of metal sold on the market – did the sale alone suffice to support anticipation by prior public use</li> </ul>	<ul style="list-style-type: none"> <li>○ As long as one can establish that it is possible to analyze the product and come to a determination of its composition, then the sale is sufficient as a prior public use to support a claim of anticipation</li> </ul>

**Boyce v. Morris Motors Ltd. (1927) Eng CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Rolls Royce’s were test driven by RR employees in the public</li> </ul>	<ul style="list-style-type: none"> <li>○ If the prior device was an anticipation, it has been only used in testing by the Rolls Royce company in company cars driven by employees</li> </ul>	<ul style="list-style-type: none"> <li>○ Without a realistic opportunity for the public to see and use the invention, then there will be no anticipation</li> </ul>

**Gibney v. Ford Motor Co. (1967) Exch. Ct.**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Gibney came up with the idea of making a sheet metal covering that would protect the generator from elements</li> <li>○ Gibney put the contraption on the customer’s car</li> <li>○ Had Gibney anticipated himself in deciding the patent it?</li> </ul>	<ul style="list-style-type: none"> <li>○ The vehicle was out amongst the public where other mechanics could look under the hood, anyone in the neighborhood could do the same</li> <li>○ There was a possibility or an availability for the public to examine the device and discern what the invention was and thus prior public use</li> </ul>	<ul style="list-style-type: none"> <li>○ If there is a possibility or availability for the public to examine the device, the invention may be defeated by a claim of anticipation based on prior public use</li> </ul>

**Bristol Meyers v. Johnson’s Application (1975) HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A patent was granted for a particular form of ampicillin including the tri-hydrate form</li> <li>○ It was proved that there was an earlier sale of ampicillin with the tri-hydrate in it, but not known</li> <li>○ At the time of sale it was not possible to analyze the product and determine that tri-hydrate was present</li> </ul>	<ul style="list-style-type: none"> <li>○ HL split after trial judge held not anticipation and the CA held that there was anticipation</li> <li>○ Public use imports no need to know all, no need to reveal all about the invention – only need some public use</li> <li>○ ‘Secret’ means done with the intention of being concealed – to include within the meaning actions done unwittingly is incompatible with the intention to conceal</li> <li>○ The previous sale was not a secret use – there can be no intention to conceal something not known</li> </ul>

**Merrel Dow v. HN Norton (1996) HL**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A patent was obtained for terfenadine</li> <li>○ It was discovered that it was not the</li> </ul>	<ul style="list-style-type: none"> <li>○ A prior publication does not have to explain how the invention works,</li> </ul>	<ul style="list-style-type: none"> <li>○ A prior publication does not have to explain how the</li> </ul>

<p>terfenadine that gave the antihistamine the effect, but rather the metabolite produced when passing through the liver – made out of terfenadine</p> <ul style="list-style-type: none"> <li>○ An individual attempted to patent the metabolite arguing that the patent did not contemplate terfenadine</li> </ul>	<p>but instead must provide enough knowledge as to how to practice the invention</p> <ul style="list-style-type: none"> <li>○ Merrel Dow cannot patent the metabolite</li> <li>○ The patent tells the individual everything s/he needs to know to get the benefit of the invention</li> </ul>	<p>invention works, but only how to practice the invention</p>
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When you look at a subsequent patent, the question is “is it new?” It may be that it is a new way of doing a new thing or a combination of old things doing something new. So long as there is a new thing in there, doing something new, it is patentable subject-matter. What is at the nub of all of these cases is that a patent is a reward to an inventor for pushing forward the boundaries of knowledge and as long as the inventor can demonstrate that he has disclosed to the public something that was not known before, we will give that person a patent. The patent can only be defeated if it is shown that it is not useful, that it was obvious, or that it was not new. It must be discerned first whether this is a New Act or Old Act patent and then interpret the statute accordingly. If you have a clear example of something that teaches the invention prior to the date of invention, then the invention will lack novelty.

**Canwell Enviro-Industries v. Baker Petrolite (2002) FCA**

<b>Facts</b>	<b>Holding</b>	<b>Ratio</b>
<ul style="list-style-type: none"> <li>○ This case involves a New Act patent</li> <li>○ The question was whether or not the invention had been anticipated by a prior sale</li> </ul>	<ul style="list-style-type: none"> <li>○ The Court concludes that the use or sale has to make the invention available to the public – in such a manner that the subject-matter became available to the public</li> <li>○ <i>Issue</i>: Could the earlier product be analyzed at the time it was on the market and come up with the new claims?</li> <li>○ As long as a skilled chemist could analyze the product and replicate something that was in the scope of the claim, the court will support a claim of anticipation</li> <li>○ As long as an examination with the technology available at the time the patent is published would permit you to come up with a product within the scope of the patent claims, then it is safe to say that an earlier sale taught the invention</li> <li>○ The earlier disclosure must be an enabling disclosure – in other words, the disclosure has to be such as to enable the public to make or obtain the invention</li> </ul>	<ul style="list-style-type: none"> <li>○ Anticipation based on prior sale requires the sale to permit the individual to come up with a product within the scope of the patent claims utilizing the state of the art at the time of the prior patent claims</li> <li>○ To invalidate a patent a disclosure has to be what has been called an enabling disclosure – the disclosure has to be such as to enable the public to make or obtain the invention</li> <li>○ The method must be known and be able to be applied without any level of inventive ingenuity</li> <li>○ The prior product does not need to be replicated exactly, it is sufficient to produce something within the scope of the claims</li> </ul>

Policy – Suppose we have a sale of a product on the marketplace. Does that sale teach a member of the public (anybody other than somebody under a duty of confidence) the invention? Wells thinks that there is a tension between the principles stated in four and that stated in five.

**Prior Knowledge**

Any prior public knowledge or availability outside of any statutory grace period that resulted in the same or a substantially similar invention become available to the public bars a patent. The question of anticipation is directed at the question of whether the invention as invented is new. It is important to understand a particular aspect of the law in Canada as it has evolved. There was a time where simple

knowledge without disclosure was sufficient to invalidate a patent. The common law in England required that the knowledge was made available to the public in some way – there was a period of time that this was not a requirement in Canadian law. The need for the substance of the matter claimed to be disclosed is now made crystal clear in the new legislation.

**Christian et al. v. Rice (1930) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The invention dealt with a form of lightweight concrete with air in it</li> <li>○ The inventor had conceived of the idea of using some foam in the cement when he saw his wife making an angel food cake</li> <li>○ The inventor whipped up some shaving cream and proved that he could do it – it has been carried right through to an embodiment</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: When is an invention made?</li> <li>○ By the date of the discovery of invention is meant the date at which the inventor can prove he has first formulated a description which affords the means of making that which is invented</li> <li>○ One is not bound to describe every method by which the invention can be carried into effect</li> </ul>	<ul style="list-style-type: none"> <li>○ Date of discovery refers to the date that a description of the idea has been formulated so as to provide the means of making the invention</li> </ul>

Consider an inventor with an idea, but no way of carrying through on the idea. A quality control chemist in a linoleum plant was trying to get around the problem of a press not lining up with the product’s mortar depressions. The chemist found a compound that would stop the chemical from foaming. The chemist has shown that his idea will work. There is a divergence between the law in Canada and the law in the United States, which does not regard an invention as complete unless there has been a reduction in practice. In Canada, as long as the idea is put into a form where if it were shown to another person skilled in the art they would be able to put the invention into good use.

In the Old Act, priority was determined on the basis of who invented first. This has been avoided, for the most part, in the New Act through priority based on filing.

**Corning Glass v. Canada Wire (1984) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A group of researchers at Corning were looking at Optical Wave Guides (Fiber Optics)</li> <li>○ Maurer provided samples to Harrington in the lab</li> <li>○ Harrington applied for a patent on a somewhat different aspect</li> <li>○ Maurer’s invention was concerned with the forming of the fibers – the refractive index of the inner glass being greater than the outer</li> <li>○ Harrington was primarily concerned with titanium doped glass – ensuring a desirable valence state</li> <li>○ Harrington’s patent application became available to the public</li> <li>○ The application was relied upon to show it was made available to the public and that Harrington had the idea first</li> </ul>	<ul style="list-style-type: none"> <li>○ Maurer already had the material when he gave it to Harrington and had him work with it</li> <li>○ An inventor cannot obtain a patent if it was known or used by <i>any</i> other person before he invented it</li> <li>○ The invention has to have first been known by somebody else – Harrington learned of the invention from Maurer</li> </ul>	<ul style="list-style-type: none"> <li>○ An inventor cannot obtain a patent if the invention was known or used by an other person before he invented it</li> </ul>

When considering validity, either from the standard of novelty or anticipation, is to construe the claims of the patent. Once there is a construction on the claims of the patent, you can turn to the task of dealing with prior art. The same conceptualization applies with infringement. You do not compare the prior art

with the plaintiff's structure as made and sold in the marketplace, but with the claims in the patent. We are always focused on the patent and the claims and what the claims mean by themselves. Once this is done, then you can start the comparison.

**Windsurfing International v. Trilantic Corp. (1986) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The prior device was not identical to the device as described and claimed in the issue</li> <li>○ The claims were specifically directed to a pair of booms</li> <li>○ The Darby device had a single boom – the trial judge found the invention was anticipated by the Darby device</li> </ul>	<ul style="list-style-type: none"> <li>○ The trial judge erred in concluding the invention was anticipated</li> <li>○ You have to look at exactly what the prior art discloses and determine whether or not this is found within the claims – the nature of the invention must be found in the specification and in particular the claims</li> <li>○ When considering validity it is necessary to construe the claim to see what invention, if any, is defined. Once this is done, the prior art put forward should then be considered, which consists of prior documents and/or uses</li> </ul>

Under the Old Act the first step is to determine what is the invention and then to test anticipation against the grand concept, although in the end it is only the invention as claimed that could be invalidated.

**AT&T Technologies v. Mitel Corp (1989) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The construction of integrated circuitry</li> <li>○ There was an earlier publication cited against the patent – an article with diagrams and description</li> </ul>	<ul style="list-style-type: none"> <li>○ There was enough information contained in this description, together with the diagrams which accompanied it, to enable a person skilled in the art to put the invention into practice</li> </ul>	<ul style="list-style-type: none"> <li>○ Any prior publication that contains enough description to allow a person skilled in the art to put the invention into practice is enough to anticipate another invention – there will be a lack of novelty</li> </ul>

**The Lubrizol Corp v. Imperial Oil Ltd. (1992) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Before the invention was made, a dispersive additive to petroleum, the properties of the dispersive were quite different than what the inventors hit on</li> <li>○ Meinhardt and Davis, seeing problems, conceived of increasing the molecular weight so that an increase in compound would follow, thus saving money – This new formulation could do two jobs at once</li> <li>○ Dr. Lassure was convinced the idea would not work and shelved it</li> <li>○ Years later the product, which was sitting on the shelf, was developed</li> </ul>	<ul style="list-style-type: none"> <li>○ Imperial argues that Lubrizol had the broad concept by early 1970s, but the parameters were not settled until after their product was on the market (ECA 7474)</li> <li>○ <i>Issue</i>: Can Imperial say that it did not have its invention until the parameters were discovered?</li> <li>○ There is no requirement in the law that the claims of the patent have been formulated before the invention can be found to have been made – What is required is the inventor prove a particular date (court sets this date as the date in which the invention is reduced to a workable solution)</li> </ul>	<ul style="list-style-type: none"> <li>○ There is no requirement in the law that the claims of the patent have been formulated before the invention can be found to have been made</li> <li>○ It is sufficient that a person skilled in the art can make the invention</li> </ul>

Under the New Act there are three basic grounds for anticipation:

1. Disclosure of the subject-matter defined in a claim in such a manner that it became available to the public by or derived from the applicant more than one year before the Canadian filing date (s. 28.2(a))
2. Disclosure of the claimed subject-matter in such a manner that it became available to the public prior to the claim date (other than disclosure by the applicant) (s. 28.2(b))
3. An application filed in Canada disclosing the claimed subject-matter having an earlier claim date (s. 28.2(c))

Note: under the New Act regard must be had to those tests in the precise words used in the statute:

The subject matter defined by the claim ... must not have been disclosed (a) by the applicant, (b) by a person, (c) in an application, or (d) in an application ... Disclosed in such a manner that the subject matter became available to the public in Canada or elsewhere

## Double-Patenting

### Camco Inc. v. Whirlpool (1999) FCA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Two earlier patents were developed in the field of washing machine agitators</li> <li>○ The patent that was critical here has the added feature of flexation</li> <li>○ The argument made by the infringer was that this was a case of double-patenting</li> </ul>	<ul style="list-style-type: none"> <li>○ You had a double-patenting problem if the claims of the subsequent patent read on the earlier disclosure – if the earlier disclosure would teach you to make something in the claims of the second patent</li> <li>○ If the subsequent patent is only a non-obvious development over the prior patent, is it still a question of double-patenting?</li> <li>○ The flexible veins were an appropriate, non-obvious development</li> </ul>	<ul style="list-style-type: none"> <li>○ Double-patenting has two aspects: (1) is it exactly the same invention as you have already got a patent for but dressed up in different words?; and (2) is the second patent only a non-obvious extension of the first invention</li> <li>○ In either case there has to be a distinct invention – whatever sets the subsequent patent apart must make it a separate invention</li> </ul>

If it were possible to double-patent, you would get a monopoly greater than the statutory period for a single invention. The earlier cases, which spoke of coterminous inventions, were only a branch of double-patenting. There is a second branch called obviousness double-patenting, even if the words are different, you cannot say that there is a separate invention because it does not involve inventive ingenuity. There has to be a new invention. You do not have the disclosure of the invention to the public at a time sufficient to invalidate the patent application – you do not have the exact problem of known by somebody else in advance.

## Four – Utility

### Introduction

The word *utility* is used in three different senses:

1. *Whether the invention, however defined, itself has utility* – where it cannot be determined whether the inventive concept when looked at would actually work (sometimes it just is not practical to try to make something work);
2. *The utility of all the material that is within the scope of the claims* – this is the dangerous one particularly in pharmaceutical patents. This concept of utility is if the claims describe a single embodiment that you can show will not work, the claim is bad. It does not matter that the claim describes 100 useful ways of solving the problem, if it describes 101 and the last one does not work, the claim is gone. The motto is, “Don’t get greedy!”;
3. *The Want of Promise* – the patent, in its disclosure, makes some claim about the efficacy of the invention.

### The Requirement of Utility

Utility, in terms of the idea of the patent, is not very high. All that is required is that, “the wheels have to go ‘round’”. Utility is a statutory pre-requisite of patentability. Utility means having industrial or commercial value in a manner that benefits the public. Lack of utility has two aspects:

1. Inoperable elements; and,
2. False Promise

#### Northern Electric Co. v. Brown’s Theaters Ltd. (1940) Exch. Ct.

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A drawing of an embodiment and a claim that described it were included</li> <li>○ For the circuit to work you had to have a resistance in it that was not described, nor included in the drawing</li> <li>○ It had been described elsewhere in the patent</li> </ul>	<ul style="list-style-type: none"> <li>○ The fact that the claim had been left out must have been deliberate</li> <li>○ The invention could not work unless that which was excluded was implemented</li> <li>○ The invention lacks utility because it is inoperable for the purposes for which it is designed</li> <li>○ You have to be very careful when drafting a patent</li> </ul>	<ul style="list-style-type: none"> <li>○ If one claim cites A as dependent on B, if it is omitted (even by accident) in another claim, it will be assumed to have been omitted deliberately</li> </ul>

#### Unifloc Reagents Ltd. v. Newstead Colliery (1943) Eng HC

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patentee described a series of steps that would give the desired result</li> <li>○ In the course of describing, the patentee gave an explanation as to how it worked – he was wrong</li> </ul>	<ul style="list-style-type: none"> <li>○ It does not matter how it works, if you follow the directions of the patent you get the useful result of the invention</li> <li>○ It is not necessary for a patentee to be able to fully describe how the invention works as long as he can tell you what you need to do to replicate it</li> </ul>	<ul style="list-style-type: none"> <li>○ So long as the useful result is attained, how it works is not all that important</li> </ul>

#### The Mullard Radio Valve Co. v. Philco Radio and Television (1935) Eng CA



Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ A claim that covers more than the disclosure is a bad claim</li> <li>○ A claim that does not solve the problem it sets out to is inutile</li> </ul>

**Otta v. Commissioner of Patents (1979) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patent related to a steam generator hooked up to a turbine</li> <li>○ 5% of the turbine energy was diverted to the steam generator</li> <li>○ The diverted energy powered the turbine – perpetual motion machine</li> </ul>	<ul style="list-style-type: none"> <li>○ If the entire idea violates every principle of science as understood, you are not going to get a patent</li> </ul>

**X v. Commissioner of Patents (1981) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The individual would ionize the air using a laser beam and then use the machine to transmit high powered energy through the ionized air</li> <li>○ X was not in a position to make the machine work</li> </ul>	<ul style="list-style-type: none"> <li>○ The court would not grant the patent because there is not basis of sound prediction – it might work, but we only give patents for useful ideas and here it is not apparent that this is a useful idea</li> </ul>	<ul style="list-style-type: none"> <li>○ Patents will only be issue for useful ideas</li> </ul>

The idea is that people with new useful inventive ideas describe them so that others may invent them in exchange for a 20-year monopoly so that others can put it into practice after that time period. However, if nobody can take the description and put into practice what you have described, then you have not kept up your part of the bargain.

**Claim Inutility**

The test is whether the invention will be practically fit for the purpose described in the specification in the hands of a competent person. If an invention lacks a feature that is essential for its successful performance, it is unpatentable. Where an applicant for a patent claims a class of substances, s/he must establish the utility of the class as a whole – failure of one substance in the class will invalidate the patent based on inutility.

**Norton and Gregory v. Jacob (1937) Eng CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A way of reproducing drawings in large sizes had been developed</li> <li>○ Drawings left out in the sun would begin to fade due to oxidation</li> <li>○ The idea was to add a reducing agent so that the prints would last longer</li> </ul>	<ul style="list-style-type: none"> <li>○ The specification describes aldehydes and poly-hydroxide compounds as within the scope of the invention – but there were certain ones that would not work</li> <li>○ Describing a group of compounds in a claim may expose problems where a member of the group does not turn over the desired result</li> </ul>	<ul style="list-style-type: none"> <li>○ If a group of compounds is described in a claim, providing that one of the member compounds does not work is sufficient to invalidate the patent</li> </ul>

The courts are sympathetic to a patentee taking its time and defining the limits of the claim – it is critical to get the claims right.

**Minerals Separation North American Corp. v. Noranda Mines Ltd. (1952) JCPC**

Facts	Holding
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<ul style="list-style-type: none"> <li>○ A technology called froth flotation was described</li> <li>○ The xanthate described would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ All the defendant had to show was that cellulose xanthate would not work</li> </ul>
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**Killick v. Pye LD (1958) Eng CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ This invention dealt with phonograph record technology</li> <li>○ This patent substituted a sapphire in the stylist</li> <li>○ There was discussion in the literature about reducing the size of the groove</li> <li>○ The stylists contemplated were for use with narrow grooves</li> <li>○ While the disclosure provided for side bevels and a flap, the claim suggested a sharp edge</li> <li>○ The defendant did not experiment</li> </ul>	<ul style="list-style-type: none"> <li>○ To any skilled reader, they would know that there ought to be a bevel</li> <li>○ Anyone setting out to construct a stylus from the specification would bevel the shoulder as a matter of ordinary practice – the omission of any mention in the claims to do so should not be allowed to invalidate a patent</li> </ul>

This case is dangerous: The court has to measure the validity of the claim as presented and the court has not got the power to re-draft the claim. The court read in a bevel that was not there.

**Mettaliflex Ltd. v. Rodi & Wienenberger (1961) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Three components made up a watch band, which was inexpensive to make</li> <li>○ The patent claims did not indicate that the three parts were to be fastened together</li> </ul>	<ul style="list-style-type: none"> <li>○ The particular means with which the parts are to be held together are immaterial</li> <li>○ It is absolutely obvious that the parts should be fastened together and is of no import how this is done</li> </ul>	<ul style="list-style-type: none"> <li>○ Where the claims described the basic means of the invention, it ought to be alright</li> </ul>

**C.H. Boehringer v. Bell-Craig Ltd. (1962) Exch. Ct.**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The claim that was under consideration was a particular product made by the process described in claim 1</li> <li>○ The problem with claim 1 was that it was drawn so broadly that it was not restricted to the process the inventor had invented, but all processes</li> </ul>	<ul style="list-style-type: none"> <li>○ Where you have a claim that goes so broadly, you are asking for trouble</li> <li>○ The patent claimed more than what the inventor invented – but with that many compounds it is almost inconceivable that it would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ If the process cannot be validly claimed then you cannot claim the product from such an invalid claim/process</li> </ul>

**Burton Parsons Chemicals v. Hewlett-Packard Ltd. (1976) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Electric cardiogram cream was developed</li> <li>○ It was argued that a number of highly ionizable salts exist that you wouldn't want near your skin</li> <li>○ The Exch. Ct. had construed the part of the claim that defined the monopoly started at claim 17 with the word 'comprising' – the part before it was general information</li> </ul>	<ul style="list-style-type: none"> <li>○ The claim defines the invention and the claim says that the cream has to be compatible with 'normal skin'</li> <li>○ There was no difficulty in this field for people to determine which was good for normal skin and not</li> <li>○ The claim must be given a realistic interpretation</li> </ul>	<ul style="list-style-type: none"> <li>○ When the court is determining whether or not the claims include unworkable matter they are going to give the claims a fair and reasonable reading</li> </ul>

**Mentmore Mfg v. National Merchandise Mfg (1974) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ In order to try to establish that the claims covered non-usable matter, a representative of the defendant took several pens and modified them to the point that they would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ The defendant was seriously looking for failure – not a person trying to replicate the invention, but someone looking to find a configuration that would not work that still comes within the scope of the claim</li> </ul>	<ul style="list-style-type: none"> <li>○ If you have to take extreme measures to come up with unworkable matter, it is unlikely that the defence is going to work</li> </ul>

**Corning Glass Works v. Canada Wire & Cable (1984) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The defendant was trying to push for a construction that it could argue was unworkable, but it was not clear that it was directly within the scope of the claim</li> </ul>	<ul style="list-style-type: none"> <li>○ You start with a presumption of validity and the onus is on the defendant to establish the lack of validity, the mere raising of inutility is unlikely to succeed</li> </ul>	<ul style="list-style-type: none"> <li>○ The court will not go out of its way to find a patent invalid on the basis that inutility might come within the scope of the claim</li> </ul>

**Monsanto v. Commissioner of Patents (1979) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Commissioner refused to grant a patent</li> <li>○ In the Patent Office, the board was not satisfied that three specific examples are adequate as a basis for sound prediction</li> </ul>	<ul style="list-style-type: none"> <li>○ The statute directs the Commissioner to refuse only when satisfied that the applicant is by law not entitled to it</li> <li>○ The office put the onus on the patentee to prove entitlement, thereby setting the bar too high</li> <li>○ To defeat this all that would be necessary is to show one configuration within the scope of the claim that would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ To defeat a patent all that would be necessary to show is one configuration within the scope of the claim that would not work</li> </ul>

**Cabot Corp. v. 318602 (1988) FCTD**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Little foam earplugs are here the subject of the patent</li> <li>○ The patentee, in his work, used a foam of polyvinyl chloride and found that as long as it had certain physical properties it did a great job</li> <li>○ The claims were directed to any foam with those physical characteristics</li> <li>○ It was argued that this occurred with one chemical – it was counter-argued that all that mattered were the particular characteristics</li> </ul>	<ul style="list-style-type: none"> <li>○ It is important to construe the patent and patent claims before getting involved in any other task in the case</li> <li>○ This is not the case of claiming configurations that would not work or sound prediction – all that mattered were the physical properties and those were fine</li> </ul>	<ul style="list-style-type: none"> <li>○ Claims made on the basis of a sound prediction will not be limited to extend to the entire predicted area if there is a complete absence of evidence that proves the prediction was unsound</li> </ul>

**President and Fellows of Harvard College v. Commissioner of Patents (2000) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Patent claims the use of any oncogene and not just the mouse or any mammal</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: Is this a sound prediction?</li> <li>○ It is important to be generous to the patentee in certain respects because someone may come up with another oncogene besides c-myc as here, which would render the patent useless if not afforded the generous protection</li> </ul>

**Norac Systems Int. v. Prairie Systems and Equipment (2002) FCTD**

<b>Facts</b>	<b>Holding</b>	<b>Ratio</b>
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Since it is the means by which a result is obtained which is protect by the patent, a purposive construction of a patent should identify those functional elements which produce a useful result in a novel and inventive way</li> <li>○ An inquiry ought to focus on identifying the elements whose absence will result in the device ceasing to be inventive</li> </ul>	<ul style="list-style-type: none"> <li>○ If the claims describe a non-working embodiment, then the claim cannot be valid</li> </ul>

The idea that the claim stands and falls on its own merits has been slightly modified by New Act section 27(5), which provides:

For greater certainty, where a claim defines the subject-matter of an invention in the alternative, each alternative is a separate claim for the purposes of sections 2, 28.1 to 28.3 and 78.3

**Failure to Provide the Utility “Promised”**

Where an applicant bases a claim on a result that fails wholly or partly, no patent will be issues. Sound predictions will be permitted where there is no evidence that the patent will work properly; however, once a patent is granted the claims can be attacked on evidence of lack of utility.

**In the Matter of Alsop’s Patent (1907) Eng HC**

<b>Facts</b>	<b>Holding</b>
<ul style="list-style-type: none"> <li>○ The process involved passing air through a vessel that was subject to an electric discharge and treating flour with the resulting gas</li> <li>○ Alsop promised that treating flour with this will reduce the carbohydrate and increase protein</li> </ul>	<ul style="list-style-type: none"> <li>○ The claim was not true and the patent was no good</li> <li>○ Although the process did bleach, it would not decrease carbohydrates and increase proteins</li> <li>○ The invention must provide the utility promised in the claim</li> </ul>

**Hatmaker v. Joseph Nathan (1919) Eng HL**

<b>Facts</b>	<b>Holding</b>	<b>Ratio</b>
<ul style="list-style-type: none"> <li>○ When the milk was reconstituted the milk had been altered so the fat would float to the top</li> </ul>	<ul style="list-style-type: none"> <li>○ The patent did not deliver on what it had promised</li> </ul>	<ul style="list-style-type: none"> <li>○ Where a patent does not deliver on what it promises, it will be invalidated</li> </ul>

**Raleigh Cycle Co. v. H. Miller (1948) HL**

<b>Facts</b>	<b>Holding</b>	<b>Ratio</b>
<ul style="list-style-type: none"> <li>○ A bicycle generator, which instead of riding on the rim of the wheel, was built into the hub at the center of the wheel</li> <li>○ The claim was made that it gave a stead light even at slow speeds</li> <li>○ If you were sitting on the bicycle, you could not see the flicker – but standing on the road you could see the flicker</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Did the patent follow through on the promise of a steady light?</li> <li>○ From which perspective do you look at it?</li> <li>○ The words of a claim must be read fairly – the claim did not say ‘flicker-free’ but ‘steady’</li> </ul>	<ul style="list-style-type: none"> <li>○ The patent agent must be careful about the auditory words put into a patent</li> </ul>

**New Process Screw Corp. v. P.L. Robertson Mfg. (1963) Exch. Ct.**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patent deals with rolling thread on a wood screw</li> <li>○ The promise was that a particular angle with a particular size screw would yield the desired result</li> <li>○ The desired result could not be obtained when following the directions</li> </ul>	<ul style="list-style-type: none"> <li>○ Following the claim of the patents must yield the claimed result, otherwise the patent is invalid</li> </ul>

**TRW Inc. v. Walbar of Canada (1991) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A process of machining turbine blades was involved</li> <li>○ The trial judge found that the process as described in the claims would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ Was the evidence the judge admitted given a proper weighting?</li> </ul>	<ul style="list-style-type: none"> <li>○ If the claims describe non-workable matter, you get nothing</li> </ul>

**Feherguard Products Ltd. v. Rocky's of B.C. Leisure (1994) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent described an assembly process of a roller pool cover that could telescope to varying lengths</li> <li>○ Claim 1 promised that once the ribs were aligned radially, both telescope sections would be secured</li> <li>○ If you did not have a screw and backed the telescopes back a little, it would disengage</li> <li>○ Claim 16 includes the use of a screw</li> </ul>	<ul style="list-style-type: none"> <li>○ Because claim 16 includes the use of a screw, but claim 1 does not, it tells us that claim 1 can be with or without a screw</li> <li>○ Where you have a series of dependent claims, each element that is introduced is considered to be essential to the claim in which it appears, but also if you put a limitation on a dependent claim, the assumption is that it is absent from the claim in which it depends</li> </ul>	<ul style="list-style-type: none"> <li>○ Where you have a series of dependent claims, each element that is introduced is considered to be essential to the claim in which it appears, but also if you put a limitation on a dependent claim, the assumption is that it is absent from the claim in which it depends</li> </ul>

**General Comments**

Utility is a question of fact. The utility of a patented invention is presumed, and there is a judicial anxiety to support a really useful invention, unless it has not been commercialized for a significant period. If the specification teaches something that will not work as at the date of the patent, whether or not in combination with operable elements, the claim will be invalid, but a patent will read to account for the knowledge of a person skilled in the art at the date of the patent, who will know how to avoid that which is known to be workable at that time.

On a case of utility, it is foolhardy to make the argument that the invention lacks utility just as a paper argument. If you are going to argue utility, it pays to go to the trouble of demonstrating the lack of utility. This may not be possible to do an economic way in some cases. If a patent does not have the advantages spoken of, and if you can come up with a way of demonstrating that the invention does not work, so much the better. If you are going to show inutility, then you have to do exactly what the patent describes and then have a failure. However, if you set upon the goal of creating an invention within the scope of the claims that does not work, you are not likely to succeed on invalidating the patent.

When reading a patent, you have to remember that it is not addressed to a lawyer. It is addressed to a person skilled in the field in which the patent is concerned. Lawyers often lose sight of this. Something that may be ambiguous to the lawyer may be quite obvious to a person skilled in the art. The court

always has to be informed by a person skilled in the art – thus, it is critical to define who a person skilled in the art is and to do so well.

### **Commercial Success**

It is very difficult to argue inutility if the product is very successful in the marketplace. Generally speaking, commercial success is helpful in dealing with inutility, while absolute abject failure may only provide some help in demonstrating that the patent lacks utility.

## The Patent Specification

### The Patent Agent

Only those people with the designation ‘patent agent’ can draft and file a patent application and appear before the patent office. In the rest of the world the patent agent is usually not a lawyer. In order to become a patent agent you must apprentice with another agent for one year. Also, there are four exams that you need to write:

1. Drafting;
2. Validity;
3. Practice; and,
4. Infringement

There are approximately 650 agents in Canada compared to 22,000 in the United States. You do not need to be a patent agent to practice patent law – in order to give validity and infringement advice.

### Hypothetical – Paper Clip versus clamp

One of the first things you have to figure out when an individual comes to you with an invention is to determine what has been done before. There are a variety of ways of collecting prior art – searches. Note: some clients might decide that they do not want you to conduct a search, but only rely on the prior art that they provide.

The clamp might be characterized as a stationery item or a kitchen item.

What are the inventive features of the clamp?

- Grips a larger stack
- Handling features
- Stronger grip
- Folding handles
- Greater reuse

When you list off the components you realize that you are describing the invention in a number of different ways:

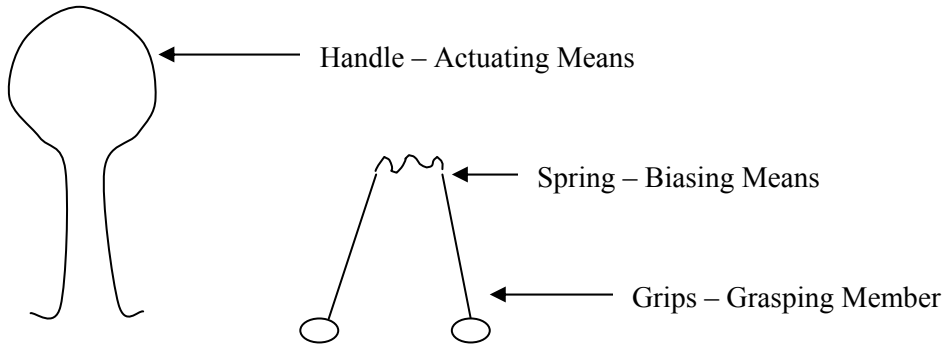
1. What it does (function); and,
2. What it looks like (structure)

This is a game between function and structure, which will affect the scope of protection. Patents generally get broadest power from their functional aspects as opposed to the structure, but the patent office would prefer the certainty of structural descriptions.

<b>Functional</b>	<b>Structural</b>
○ Actuating Means	○ Handles

‘Means’ is really a noun, but by qualifying it with ‘actuating’ the description becomes functional. You want to capture a description that will still give 15 years from now as the technology changes and materials advance.

What are the basic parts of the invention?



What is the operation of the invention?

1. Close position (either with or without paper)
2. Open position (opportunity to insert or remove the paper)

Do we really want to describe the folding down feature of the arms? Yes, but you do not want to emphasize it or characterize it as essential. You ought to be careful when dealing with the features that you indicate as the essential elements of the invention. On the other hand, if the specification is made too broad you might also run into trouble.

## The Anatomy of a Patent

The word patent comes from the Latin word *patere* – to lay open. The overall economic theory is that a monopoly is bad as it acts as a restraint on trade. However, you might run into a problem if you do not have any exceptions – how do you stimulate people to be creative and inventive? Copyright and patents grew out of the need for the exception. In exchange for ‘laying open’ the invention the inventor will be given a *limited* monopoly. The monopoly is time limited – it will not be gotten in perpetuity. Thus, every patent disclosure must be reflective of this principle. If you are going to successfully lay open, or successfully allow another to practice the invention, the disclosure really has to function in a similar way as an academic paper does.

It might be helpful to think of five audiences for drafting patents:

1. Persons skilled in the art
2. Patent examiner
3. Lawyers
4. Judges
5. Juries

How do we put the document together? Which sections of the document relates to each party’s duty?

Inventor’s Duty	Government’s Duty
<ul style="list-style-type: none"> <li>○ Title</li> <li>○ Field</li> <li>○ Background</li> <li>○ Summary</li> <li>○ Brief Description</li> <li>○ Detailed Description</li> </ul>	<ul style="list-style-type: none"> <li>○ Claims – what it has value for (if it is not in the claims, there is no protection for it). The claims are written in legalistic language – if you ask for this monopoly, it must have been taught in the description</li> </ul>



The entire document is often referred to as the *specification*. The inventor's portion is referred to as the disclosure.

## **Title**

Title is the first thing that the patent office will see when deciding where to conduct a search.

## **Field of the Invention**

This is a general expansion of what is said in the title. What does the generally invention relate to? "The present invention relates generally to X, and more particularly relates to Y."

## **Background of the Invention**

This section sets up in a rhetorical way as to why the new and useful item set up in the rest of the document is so great. Put the best case forward as to why the prior art is insufficient or different – whatever comes after is new and non-obvious.

- Description of a particular piece of art
- Why it is junk (problems with it)
- Wrap-up statement about what has been identified in the prior art generally

Ensure that you do not promise something that the invention will not do. You ought to be very careful about what you are promising that the invention will accomplish.

## **Summary of the Invention**

The first thing you might see is an object clause. The object clause should not make a promise that the invention will do something that it will not. Object clauses are currently not mandatory – but they were at one time or another required in various jurisdictions.

Note: it is important to ensure that there is something in the disclosure teaches what the claims say. Oftentimes, the claims are regurgitated in the summary of the invention.

### *Aspect versus embodiment*

Embodiment narrows the scope of coverage  
Aspect still remains general

## **Brief Description of the Drawings**

Preferred Embodiments – this is one way, the preferred way is the best way, that the invention can be implemented.

## **Basic Nature and Requirements**

The typical patent has two basic sections mandated by the Patent Act (New Act at 27(3) and Old Act at 34):

1. Disclosure; and,
2. Claims that define the monopoly

The entire rationale for granting patents is that there will be disclosure of the invention, rather than having them kept secret.

**British United Shoe Machinery v. A Fussel V Sons Ltd (1908) Eng CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ There was an objection taken to the validity of the patent that it did not adequately distinguish what was old from what was new – it did not describe the inventive act</li> <li>○ The argument was founded on the language in some old cases</li> </ul>	<ul style="list-style-type: none"> <li>○ Originally, the king would grant patents in a very general way</li> <li>○ Parliament came to limit the king’s granting power to inventions – descriptions were still vague</li> <li>○ A major change took place in 1700s – there came in a statutory provision requiring a description of the nature of the invention and manner it would be performed</li> <li>○ This initial language provided for two different things:                             <ol style="list-style-type: none"> <li>1. The nature of the invention – define the monopoly;</li> <li>2. The manner in which it is to be performed – assure the public was not defrauded</li> </ol> </li> <li>○ The duty of the inventor is to describe the patent as best s/he knows – inventors came to insert general language and is now a statutory requirement</li> <li>○ <i>No longer true</i>: If the patent covered something that was old, the Patent was wholly bad (if one claim is bad, the whole patent is bad)</li> <li>○ <b>Ratio</b>: The distinction between what is old and what is new can be done by the claim: (1) it is not required by the statute (the statutory duty is only to describe the subject-matter of what the invention is) and (2) it would be impossible to describe the inventive act because the inventor does not necessarily know all of the prior art that is out there</li> </ul>

**Minerals Separation North American Corp. v. Noranda Mines (1947) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ See Above (Utility Chapter)</li> <li>○ Claims extended to cover something that would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ The term ‘specification’ includes both the disclosure and the claims</li> <li>○ There are two things that have to be described by the inventor:                             <ol style="list-style-type: none"> <li>1. The invention; and,</li> <li>2. The operation or use of that invention</li> </ol> </li> <li>○ The patent must be correct – clear, accurate, free from ambiguity etc.,</li> <li>○ The patent must be full – defined, give all the information necessary, warnings are required</li> <li>○ The inventor must act in utmost good faith and give all information known to him to allow the invention to be carried out to its best effect as contemplated by the inventor</li> <li>○ The patent is addressed to the person skilled in the art – you do not have to reproduce information that a person skilled in the art would already know</li> <li>○ The patent is to be read with a ‘mind willing to understand’ – mere faults of expression should not invalidate the patent</li> <li>○ Claims are like fences – they have to be clearly placed in order to give the necessary warning. The public must know where the forbidden field is and where they can safely go – by his claims the inventor puts fences around the fields of his monopoly and warns the public against trespassing on his property</li> <li>○ If, in addition to claiming the invention, something old or something that will not work is claimed, the disclosure might be deficient</li> </ul>

**Consol Board Inc. v. MacMillan Bloedel (1981) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ This was a patent for some fibre-board – the description of one of them was not</li> </ul>	<ul style="list-style-type: none"> <li>○ Because of the bargain that exists between the patentee and the Crown, there must be a new and useful invention and a sufficient description of that invention so that a person skilled in the art can</li> </ul>	<ul style="list-style-type: none"> <li>○ The patent specification is addressed to a person skilled in the art – it does not impose upon the inventor an</li> </ul>

sufficiently described	reproduce it as contemplated ○ The requirements are: 1. A description of the invention – clear and full; 2. Method of producing it – preferred embodiment; 3. Claim or claims ○ Does the specification adequately describe the invention to a person skilled in the art? ○ While you have to have described a useful invention, it has to be in fact useful – you don't have to describe every aspect in which it may be useful (you have to have utility, but not necessarily describe it)	obligation of establishing the utility of the invention
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### Sufficiency of Disclosure

#### Osram Lamp Works v. Pope's Electric Lamp (1917) HL

Facts	Holding	Ratio
○ Not Done	○ <i>Parker</i> : The person skilled in the art is not only chemists and skilled mechanics, but also workmen familiar with the making of filaments, such as those making artificial silk	○ The sufficiency of the patent specification (disclosure) will depend in large part on who you would describe as the person skilled in the art

#### Sandoz v. Gilcross (1974) SCC

Facts	Holding	Ratio
○ A patent relating to a particular tranquilizer ○ There were two methods of making the drug – one was described and the other not	○ The claims claimed you could use either chlorine or bromine, but there was no specific description on how to use bromine to make the drug ○ A competent chemist, using only the general knowledge available, could have successfully carried out the reaction without anymore information provided in the description ○ If there were something special or different about the bromine process we would have a different result – the skilled workman could carry it out	○ General test for sufficiency: Could the individual skilled in the art have carried out the invention without anymore than is provided in the disclosure?

#### Pioneer Hi-Bred v. Commissioner of Patents (1989) SCC

Facts	Holding	Ratio
○ A hi-bred for a soy bean was here involved ○ There had been a deposit of a sample of the soy bean	○ The deposit should not be considered as part of the description ○ Because the description was not sufficient, the patent was held as not valid ○ The skilled worker should not have to go ahead and make a discovery him or herself ○ The applicant must disclose everything that is essential for the invention to function properly – the applicant must define the nature of the invention and describe how it is put into operation	○ You have to give a full, correct, and complete description ○ The description must be sufficient for the person skilled in the art

Immediately after this decision, the legislation was amended: where a specification refers to a deposit it can be considered.

## Best Mode

There is a requirement in section 36 that the disclosure describes a use as contemplated by the inventor. If the inventor has held back, if s/he did not give the full information known, there may be an attack on the patent.

### Lido Industrial Products v. Teledyne Industries (1981) FCA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A simple showerhead, which allowed for a change between pulsating or spray, was attacked based on a failure to disclose the best mode</li> </ul>	<ul style="list-style-type: none"> <li>○ The aim of the law is directed toward restraining a man from obtaining a patent in return for the disclosure of a means or method of putting his invention into practice that is less efficacious than the best known to him at the time of the application ... the description of the invention required by the statute is such as 'contemplated by the inventor'</li> </ul>	<ul style="list-style-type: none"> <li>○ Consider two things:                             <ol style="list-style-type: none"> <li>1. What is the key date; and,</li> <li>2. What is known at that date</li> </ol> </li> <li>○ Note: A Canadian patent has never been invalidated because the best mode was not disclosed</li> </ul>

### Union Pacific Resources v. Chesapeake Energy (2001) CAFC

Facts	Holding
<ul style="list-style-type: none"> <li>○ A certain type of drilling was developed</li> <li>○ A particular program was kept as a trade-secret</li> </ul>	<ul style="list-style-type: none"> <li>○ There was not enough information in the patent disclosure to allow another skilled in the art to do it</li> </ul>

### Vander Lely v. Ruston's Engineering (1993) Eng CA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ English law: failure to disclose the best method is ground for patent invalidation</li> <li>○ The key date is the date of filing based on the statute</li> <li>○ The best method does not require the applicant to disclose the best method of using the invention</li> </ul>	<ul style="list-style-type: none"> <li>○ If the invention was a product, you have to describe the best product – if a process, you have to describe the best process</li> </ul>

The sections that we would have to focus on are section 27 (requirement for sufficiency of disclosure), section 28.1 and 28.2 (claim and filing date). The date in Canada is likely the Canadian filing date, although no jurisprudence exists to support this proposition. The other challenge that is sometimes made is that things that are important are left out. An omission is a key element that is not disclosed.

## Material Omissions

### Norton and Gregory v. Jacob (1937) Eng CA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A process for reproducing blueprints was disclosed</li> </ul>	<ul style="list-style-type: none"> <li>○ In order to be successful the process had to be either acid or neutral – this was not included in the disclosure and since it was not the patent is invalid</li> </ul>	<ul style="list-style-type: none"> <li>○ An omission of an essential element shall invalidate the patent</li> <li>○ Material omissions shall invalidate the patent</li> </ul>

If you have enough information for the person skilled in the art to do it, then the disclosure will be sufficient.

## The Claims

The statute provides that the claims must be defined distinctly and in specific terms. There are two basic challenges that are made to the claims:

1. They are ambiguous; and,
2. They are overly broad

### I. Ambiguity

#### *Natural Colour v. Bioschemes (1915) HL*

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Test for ambiguity: It is the duty of the patentee to state clearly and distinctly, either in direct words or by clear and distinct reference, the nature and limits of what he claims. If he uses language which, when fairly read is avoidably obscure or ambiguous, the Patent is invalid whether the defect be due to design or to carelessness or want of skill</li> <li>○ You do not need <i>mala fides</i> for ambiguity – but if you find it <i>mala fides</i> will cause major problems</li> </ul>

The court will make an effort to understand what the patent says, but if the court cannot understand which of two things the patent means, then the patent will be invalid for ambiguity. If there was a deliberate attempt to confuse things, the court will find ambiguity a lot easier.

#### *Henriksen v. Tallon (1965) HL*

Facts	Holding
<ul style="list-style-type: none"> <li>○ A ball point pen refill</li> </ul>	<ul style="list-style-type: none"> <li>○ I know of no authority for applying this ground of invalidity merely because some part of a claim is capable of more than one construction. Even the most careful draftsmen of any kind of written instrument sometimes uses phrases capable of more than one construction, and it would in my view by applying the wrong standard</li> </ul>

### II. Claims Broader than the Invention

#### *Radio Corporation of America v. Raytheon Manufacturing (1957)*

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ An inventor may not validly claim what he has not described – the disclosures of the specification must support the claims</li> </ul>

#### *Amfac Foods v. Irving Pulp and Paper (1986) FCA*

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Amfac had a bath of water holding potatoes that are pumped up and fired through a nozzle against a grid</li> <li>○ The claim was not limited to the slabbing blade</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Was the slabbing blade an essential feature of the invention?</li> <li>○ The cutting and separation of the outside slabs are essential to the invention – the claim goes beyond the invention disclosed</li> </ul>	<ul style="list-style-type: none"> <li>○ Where a claim is fatally defective, because it fails to include an essential element disclosed in the specification, the defect cannot be cured by characterizing it as a minor variance</li> </ul>

## Construction of the Patent

The question of construction is fundamental in determining the question of anticipation, obviousness, over breadth, ambiguity, and infringement. Patents and agreements have a lot in common. For instance, the English authorities hold that the same principles in construing an agreement apply to construing a patent. MacOdrum does not wholly agree simply because the patent is one-sided whereas the agreement is generally between two parties with input.

How do you go about constructing certain terms in a patent? To what extent can you refer back to the text of the patent as a whole? You can refer to the body of the patent only to cure an ambiguity and not to change the words of the claim. On the other hand, there is authority to support that you read the patent as a whole and the claim in the context of the patent as a whole.

### General Principles of Construction

The question of construction is the first thing that the court has to do. The court must put itself in the knowledge of the person skilled in the art. The patent specification is to be construed like any other document, but due regard must be given to the content of the patent and the claims. The principles in *Hi-Qual Manufacturing v. Ron's Welding & Steel Supplies* (1994) are generally correct (except for principle number one which has been changed by the SCC to date of publication).

#### Nobel's Explosives Company Ltd. v. Anderson (1895) Eng HL

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ There was a need at the time for a smokeless explosive by the military (smoke from discharge would not give the position away)</li> <li>○ Nobel came up with a material made from a combination of nitro-cellulose (soluble type and insoluble type) and nitro-glycerine</li> <li>○ Plaintiff used soluble nitro-cellulose</li> <li>○ The defendant used insoluble nitro-cellulose and nitro-glycerine</li> </ul>	<ul style="list-style-type: none"> <li>○ The same rules apply to all patents</li> <li>○ The court ought to construe all the patents as if it had to construe them the day after they were published</li> <li>○ The individual has the right to know what the state of knowledge at the time was</li> <li>○ You look at the patent specification and see what is stated there – if you look at that you come to the conclusion that he was putting together nitro-glycerine with the less explosive soluble material</li> </ul>	<ul style="list-style-type: none"> <li>○ Construction of a patent occurs when the patent was published in light of the state of the art at that time</li> </ul>

#### Western Electric Co. v. Baldwin International Radio (1934) SCC

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The court must put itself into the framework of what the state of the art was at the time of the patent and then judge from there</li> </ul>

#### Burton Parsons Chemicals v. HP Ltd. (1976) SCC

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ A cream for making contact between electro-cardio-gram machines and the skin</li> <li>○ The argument was made that the claim extended to things that would not work</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: What did the claim mean?</li> <li>○ The rights of a patentee should not be defeated on minor technicalities</li> <li>○ You are not supposed to nitpick and find technicalities in order to defeat the patent</li> </ul>	<ul style="list-style-type: none"> <li>○ The patent is to be given an honest business construction and not picked away at</li> </ul>

**Catnic Components v. Hill & Smith (1981) HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The claim referred to a support member extended vertically</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> What did the claim referring to the support member mean?</li> <li>○ The only issue is what the patent means</li> <li>○ A patent specification is a unilateral statement by the patentee by works of his/her own choosing by which s/he informs them what he claims to be the essential features of the new product or process for which the letters patent grant him a monopoly. It is those novel features only that he claims to be essential that constitute the so-called ‘pith and marrow’ of the claim</li> <li>○ A patent specification should be given a purposive construction rather than purely a literal one derived from applying to it the kind of meticulous verbal analysis in which lawyer are too often tempted by their training to indulge. The question in each case is: <i>whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in a claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked</i></li> <li>○ The question does not arise where the variant would have a material affect upon the way the invention worked. Nor does it arise unless at the date of publication of the specification it would be obvious to the informed reader that this was so. Where it is not obvious, in the light of the then-existing knowledge, the reader is entitled to assume that the patentee thought at the time of the specification that he had good reason for limiting his monopoly so strictly and had intended to do so...</li> <li>○ <b>Ratio:</b> A patent is to be given a purposive construction – ‘purposive’ means a realistic construction through the eyes of an individual skilled in the art</li> </ul>

**Whirlpool Corp. v. Camco (2000) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patent in issue was the 704, did the prior patent cover the same thing so that the later one 803 was redundant – did the earlier patent embrace flexible vanes?</li> </ul>	<ul style="list-style-type: none"> <li>○ The trial judge held that the prior patent was limited to rigid vanes</li> <li>○ The key to purposive construction is the identification by the court, with the assistance of the skilled reader, of the particular words or phrases in the claims that describe what the inventor considered to be the ‘essential’ elements of his invention</li> <li>○ There has to be a mind willing to understand – the alternative to purposive construction is a purposeless construction</li> <li>○ Under the Old Act the language of the patent should be construed as of the date of publication, while under the New Act the critical date would be the date of publication (which is no earlier than 18 months after the effective date of the application)</li> </ul>

**The Relevant Date for Construction**

**AT&T Technologies v. Mitel Corp (1989) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ This case involved transistors – silicon as a gate electrode (enabled making transistors much smaller)</li> </ul>	<ul style="list-style-type: none"> <li>○ What was the date at which the patent was to be construed?</li> <li>○ The patentee’s intention with regard to the inclusion or exclusion of minor variants or equivalents must be determined as of the ‘date of the patent’</li> <li>○ The relevant date to consider is the date that the application was filed</li> <li>○ <b>Ratio:</b> The relevant date to consider is that date as of which the patent application is filed</li> </ul>

New Act – date at which the specification is laid open to the public  
 Old Act – the date of grant

## The Relevant Addressee – The Person Skilled in the Art

The person skilled in the art is the relevant addressee of the patent – the patent is directed at the person skilled in the art. Because this person and his/her knowledge is so critical, it becomes very critical to decipher precisely who that person is.

### Proctor & Gamble v. Kimberly-Clark (1991) FCTD

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ This case relates to the plastic portion around the waistband and its ability to recover its shape</li> <li>○ There was a dispute as to who the person skilled in the art was – a clothing manufacturer or a chemist?</li> </ul>	<ul style="list-style-type: none"> <li>○ The person skilled in the art is the person capable of putting the patent into practice – this is a garment manufacturer who possesses a basic knowledge of polymer chemistry</li> <li>○ In order to put the patent into effect, the person must have at the very least some chemistry background</li> </ul>	<ul style="list-style-type: none"> <li>○ The person skilled in the art is someone who can understand and put the patent into effect</li> </ul>

### Almecon Industries v. Nutron Manufacturing (1997) FCA

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Little plugs hold dirt down for the purpose of seismic exploration</li> <li>○ Did the design of the plug infringe</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: Who was the person skilled in the art?</li> <li>○ Trial judge finds the person skilled in the art is an experienced seismic crew technician – the person who uses this tool or faces this problem and implements the solution</li> </ul>	<ul style="list-style-type: none"> <li>○ What is important is that the person skilled in the art be a person who understands, as a practical matter, the problem to be overcome, how different remedial devices might work, and the likely effect of using them</li> </ul>

An expert witness must be able to give information not only relating to their own evidence, but that which is reflective of a person skilled in the art.

## Reference to the Disclosure

### Electric & Musical Industries v. Lissen (1939) HL

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The function of the claim is to find the monopoly of the claim</li> <li>○ It is not permissible in my opinion by reference to some language used in the earlier part of the specification to change a claim which by its own language is a claim for one subject-matter into a claim for another and a different subject-matter, which is what you do when you alter the boundaries of the forbidden territory</li> <li>○ Where the construction of a claim when read by itself is plain, it is not legitimate to diminish the ambit of the monopoly claimed merely because in the body of the specification the patentee has described his invention in more restricted terms than the claim itself</li> </ul>	<ul style="list-style-type: none"> <li>○ Claims must be read as part of the entire document and not as a separate document</li> </ul>



**Beecham v. Proctor & Gamble (1982) FCA**

Facts	Holding	Ratio
○ Not Done	○ In construing the claims in a patent recourse to the remainder of the specification is (a) permissible only to assist in understanding terms use din the claims; (b) unnecessary where the words of the claim are plain and unambiguous; and (c) improper to vary the scope or ambit of the claims	○ The claims define the scope of the monopoly and may be read w/the disclosure in the earlier part of the specification ‘in order to understand what the former says’

**Nekoosa Packaging Corp v. United Dominion Industries (1994) FCA**

Facts	Holding
○ Not Done	○ In my opinion the cases decided after Beecham place it in proper perspective and clear the way for us to recognize the SCC’s approach to the proper construction of a patent. In Consolboard Inc. “ we must look to the whole of the disclosure and the claims to ascertain the nature of the invention and methods of its performances, being neither benevolent nor harsh, but rather seeking a construction which is reasonable and fair to both patentee and public ‘where the language of the specification upon a reasonable view of it, can be so read as to afford the inventor protection for that which he has actually in good faith invented, the court as a rule, will endeavor to give effect to that construction’ ○ <b>Ratio:</b> Terms must be read in context and it is therefore unsafe in many instances to conclude that a term is plain and unambiguous without a careful review of the specification

**Reference to Other Documents**

**Vitronics v. Conceptronics (1996) US CA**

Facts	Holding
○ Not Done	○ Court distinguishes between extrinsic evidence and intrinsic evidence ○ Intrinsic evidence includes the wrapper file while extrinsic is the expert testimony

In Canada, we would hold the complete opposite to be true. We have a very different approach than the Americans. In Canada, the file wrapper is inadmissible for the purpose of construction.

**Lovell Manufacturing v. Beatty Bros. (1964) Exch. Ct**

Facts	Holding
○ Not Done	○ What happened in another country under a different system of law could not affect the validity or invalidity of claims in a Canadian patent and that evidence of the application to the US patent was inadmissible ○ The Canadian file wrappers covering the prosecutions in the Canadian Patent Office of the P’s applications for the patents in suit are inadmissible for the purpose of construing the claims in suit or limiting the ambit of the invention defined in them ○ People are entitled to look at the language of the claim and nothing more – you look at the patent and that’s that

Because Canada is so close to the US and because so many of those who have patents in both countries, there is a huge influence on thinking coming from the American courts. However, the courts have been rather consistent at denying any such application. In England, a somewhat similar type of approach had been taken, but some wavering has been recently expressed. Nevertheless, the rule in Canada is enunciated in *Free World Trust*.

**Free World Trust v. Electro Sante Inc (2000) SCC**

<b>Facts</b>	<b>Holding</b>
○ Not Done	○ In my view those references to the inventor's intention refer to an objective manifestation of that intent in the patent claims, as interpreted by a person skilled in the art, and do not contemplate extrinsic evidence such as statements or admissions made in the course of patent prosecution. To allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheard engines of patent litigation. The current emphasis on purposive construction, which keeps the focus on the language of the claims, seems also to be inconsistent with opening the Pandora's box of the file wrapper estoppel

You should be able to look at the patent itself and understand what the claim is without looking at anything else.

## Infringement

Infringement is any interference with the full enjoyment of the patentee's monopoly, being the exclusive right to make, construct, use and sell the invention to others, subject to a finding of invalidity in the courts. There are really three aspects of infringement:

1. The subject-matter aspect – whether what the person is doing falls within the exclusive right in the sense that the product or process falls within the claimed invention;
2. The activity aspect – what types of activity will lead to a finding of infringement; and,
3. The title aspect – to what extent does the patentee have a right to claim infringement in respect of the activity

In considering infringement, courts look to the plaintiff's patent, not the form of activity or article that he manufactures or commercializes, and to the defendant's activity, not his intention, which is irrelevant to a question of infringement.

Under the New Act, the patentee has a choice of the duration running either 20 years from the date of filing or 17 years from the date of issue, whichever provides the longer protection. New Act patents are protected for 20 years from the date of application. For all the patents issued after 1989, the patentee must pay maintenance fees.

### The Subject Matter Aspect of Infringement

The patent's claims define the monopoly – these are like fences that define the boundaries, which tell people not only what is fenced off but also where people may go. There are times where you get something that is on the edge of the subject-matter or a little bit on the outside.

#### **Festo Corp. v. SKKK (2002) US SC**

<b>Facts</b>	<b>Holding</b>
<ul style="list-style-type: none"><li>○ The patent related to a patent concerning a rodless cylinder</li><li>○ There were two patents and both had a particular limitation – both required two sealing rings with a lip on either side to prevent impurities from getting into the assembly</li></ul>	<ul style="list-style-type: none"><li>○ The patent protects the holder against the efforts of copyists who make insubstantial changes to a patented invention</li><li>○ The nature of language makes it impossible to capture the essence of a thing in a patented invention</li><li>○ The conversion of a machine to words allows for unintended idea gaps that cannot be satisfactorily fulfilled</li></ul>

Up until 1981, Canadian law was largely influenced by what happened in the United Kingdom. However, people realized the problem where there could be times that the claims were not enough. Thus, there came to be a doctrine of infringement of substance – pith and marrow infringement. The process involved looking at whether the invention infringed the literal meaning of the registered patent and, if not, an examination of whether or not the substance of the patent had been infringed. However, in 1981 Lord Diplock held that this approach was all wrong – there is no dichotomy between literal infringement and infringement in substance, it is all the same thing. Diplock dealt with the issue by giving the claims a purposive construction and an invention should be compared as such. The SCC has affirmed that purposive construction is the proper method of examination for patent infringement.

The most recent approach to determining patent infringement is the purposive view. Purposive infringement combines literal and substantial infringement into a single cause of action, isolates the essential elements of the inventions, and asks the following three questions:

1. Do the defendant's variants have a material effect on the workings for the plaintiff's device? If so, there is no infringement and the inquiry ends;

2. If there is no material effect, did the inventor consider the variants essential to the invention, i.e. were they material to its working and described as such? If not, there is no infringement and the inquiry ends; and,
3. If an ordinary person skilled in the art would say that the inventor cannot have intended to exclude the defendant's variants from the patent, there is infringement

As a general rule there cannot be infringement if the patent is invalid – an invalid patent has no enforceable rights.

**Marconi v. British Radio Telegraph and Telephone (1911) HC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent required a transformer</li> <li>○ The evidence was the transformer in general parlance had a particular meaning – the defendant's argued they did not use a 'transformer', but instead an auto-transformer, which had a single coil instead of two coils</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: Would a person skilled in the art thought a single-coil and double-coil transformer as equivalent?</li> <li>○ If the two coils were an essential feature of the invention, then the argument of infringement would have to fail</li> <li>○ You have to have something that functions as a transformer – but you have to look further and determine whether a two-coil transformer is described as essential</li> </ul>	<ul style="list-style-type: none"> <li>○ The element being copied must be essential in order to find patent infringement</li> <li>○ Nobody who borrows the substance of a patented invention can escape the consequences of infringement by making immaterial variations</li> </ul>

**R.C.A. Photophone v. Gaumont-British (1935) Eng CA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ This case involved soundtracks for motion pictures</li> <li>○ The variation related to the last element of the claim</li> </ul>	<ul style="list-style-type: none"> <li>○ This feature is not merely an immaterial variation, but it is the essence of the invention</li> <li>○ It is only in respect of unessential parts of an invention that that the doctrine of mechanical equivalence will apply</li> </ul>	<ul style="list-style-type: none"> <li>○ The person who takes that is called the pith and marrow of the invention is an infringer</li> <li>○ A person who omits an essential part, but substitutes a mechanical equivalent, is an infringer</li> </ul>

**Graver Tank v. Linde Air Produces (1950) US SC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ To permit imitation of a patented invention that does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing</li> <li>○ A patentee may invoke the doctrine of equivalents against the producer if it performs substantially the same function in substantially the same way to obtain the same result</li> </ul>

**The McPhar Engineering Co. of Canada v. Sharpe Instruments (1956-60) Exch. Ct**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Defendant argues that the idea of infringement in substance is</li> </ul>	<ul style="list-style-type: none"> <li>○ The means of holding the object vertical is not critical</li> <li>○ <i>Issue</i>: Whether the defendant's transmitting unit is substantially the same</li> </ul>	<ul style="list-style-type: none"> <li>○ The question is a question of the essential features of the invention said to have been infringed. If that part of the combination, or that step in the process for which an</li> </ul>

flawed	as the plaintiff's <ul style="list-style-type: none"> <li>○ The express invention does not come within the express words of the patent – there is no literal infringement (this is not the end of the story)</li> <li>○ The issue is not whether the particular means of ensuring verticality is the same, but whether the defendant's transmitting unit as a whole is the same as the plaintiff's</li> <li>○ You only apply the doctrine of equivalents when you are dealing with an essential feature</li> <li>○ Just because something is claimed does not mean that it is essential</li> </ul>	equivalent has been substituted, be the essential feature, or one of the essential features, then there is no room for the doctrine of equivalents <ul style="list-style-type: none"> <li>○ In every case where it is sought to apply the doctrine of equivalency it must be determined whether the feature in respect of which it is sought to be applied is an essential one</li> <li>○ The proper approach is to ascertain the essential features of the invention, which is interpreted in light of the common general knowledge at the time</li> </ul>
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**Beecham Group Limited v. Bristol Laboratories Ltd. (1978) Eng HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patent claimed required a free amino group (NH<sub>2</sub>)</li> <li>○ The defendant added acetone to create a ring structure, which superficially looks different</li> <li>○ The evidence showed that the reaction with acetone was reversible – the acetone separated in the stomach and, thus, ended up being the same thing</li> </ul>	<ul style="list-style-type: none"> <li>○ The substance of the invention was taken even though the literal claim would not read on this chemical with the addition of acetone</li> </ul>

**Catnic Components v. Hill & Smith (1981) HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The claim related to a lintel</li> <li>○ The defendant tried to avoid infringement by providing a support member off the vertical by approximately six degrees whereas the original patent specified a vertical support member</li> </ul>	<ul style="list-style-type: none"> <li>○ The court is not concerned so much with the motive, but with the affect</li> <li>○ A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge</li> <li>○ The question in each case is whether persons skilled in the art would understand that strict compliance with a particular descriptive word is essential</li> <li>○ Would the specification make it obvious to a person skilled in the art that the slight variation made is enough to get it out of the patent language</li> <li>○ There is infringement here when given a purposive construction – it is close enough to vertical</li> </ul>

**Improver Corp v. Remington Consumer Products (1990) Eng PC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The instrument had a turning spring, which would close coils grabbing and pulling out body hair</li> <li>○ The claim described a helical spring with adjacent windings</li> <li>○ A modification was made so that less hair would be grabbed and, thus, less painful with the use of a rubber rod</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Whether the modification fell within the claim of the patent</li> <li>○ The proper approach to the interpretation of patents is to give a purposive construction</li> <li>○ You should ask the following three questions:                         <ol style="list-style-type: none"> <li>1. Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim. If no,</li> <li>2. Would this have been obvious at the date of publication of the patent to a reader skilled in the art. If no, the variant is outside the claim. If yes,</li> <li>3. Would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of</li> </ol> </li> </ul>

	<p>the invention. If yes, the variant is outside the claim</p> <ul style="list-style-type: none"> <li>○ The right approach is to describe the working of the invention at the level of generality with which it is described in the claim of the patent</li> <li>○ Looking through the specification, where the helical spring was referred to, it was referred to specifically – helical spring is narrowly construed</li> <li>○ Note: A different conclusion was reached in Germany on exactly the same patent and the same issue</li> </ul>
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**O’Hara Manufacturing v. Eli Lilly Co. (1989) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent related to an apparatus for coating tablets</li> <li>○ Everything in both inventions was the same except one of the supports – the patent called for a flexibly biased support and the defendant had a fixed support</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Trial:</b> Held it was not essential that the bias be flexible and, therefore, the defendant infringed</li> <li>○ <b>Appeal:</b> A court must interpret the claims, it cannot redraft them</li> <li>○ Where an inventor has clearly stated in the claims that s/he considered a particular requirement as essential, the court cannot decide otherwise even if s/he was mistaken</li> <li>○ The claims require specifically a flexible bias – thus, no infringement</li> </ul>	<ul style="list-style-type: none"> <li>○ A court cannot redraft the claims, but only interpret them</li> <li>○ If the patent says X, Y, and Z are essential, then a similar product without X cannot infringe</li> </ul>

**AT&T Technologies v. Mitel Corp (1989) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ At issue was the fabrication of a transistor</li> </ul>	<ul style="list-style-type: none"> <li>○ The principles in construing a patent are: (1) in construing a patent one must adopt a purposive construction and not engage in an over close parsing of words, (2) the question that must always be asked is whether the pith and marrow of the invention has been taken, (3) if the variant of an aspect of a claim has no material effect on the way the invention works, there is a presumption that the patent is infringed and that the patentee intended the variant to fall within the scope of the claim, (4) the question that must be asked is whether the patentee intended to include or excluded variants (equivalents) from the scope of the invention claimed, (5) the patentee’s intention is determined by the expression within the patent, read in light of surrounding circumstances, specifically the knowledge of those skilled in the art</li> </ul>

**Free World Trust v. Electro Santé Inc et al. (2000) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Case involved two patents (Camco v. Whirlpool decided with this case) relating to inventions emitting electro-magnetic waves</li> <li>○ The first element of the claim was the system controlled by circuit means</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Was the claim infringed by the defendant’s apparatus that did not have a distinct circuit means, but instead a micro-processor</li> <li>○ First, at the very least you stick to the strict wording of the claim</li> <li>○ A patent owner has a remedy against an infringer who does not take the letter of the invention but nevertheless appropriates its substance (pith and marrow)</li> <li>○ Consider the following general principles:                         <ol style="list-style-type: none"> <li>1. The Patent Act promotes adherence to the claim language – peripheral claiming principle;</li> <li>2. Adherence to the language of the claims promotes fairness and predictability;</li> <li>3. The claim language must be read in an informed and purposive way;</li> <li>4. The language of the claim thus construed defines the monopoly. There is no recourse to such vague notions as the spirit of the invention to expand it further;</li> <li>5. The claims language will, on a purposive construction, show that some</li> </ol> </li> </ul>

	<p>elements of the claimed invention are essential while others are non-essential. The identification of elements as essential or non-essential is made: <b>(1)</b> on the basis of the common general knowledge <b>(2)</b> as of the date the patent is published <b>(3)</b> having regard to whether or not it was obvious to the skilled reader at the time the patent was published that a variant of a particular element would not make a difference to the way in which the invention works or <b>(4)</b> according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect <b>(5)</b> without, however, resort to extrinsic evidence of the inventor's intention</p> <p>6. There is no infringement if an essential element is different or omitted. There may still be infringement if non-essential elements are substituted or omitted</p> <ul style="list-style-type: none"> <li>○ The ingenuity of the patent is not the desirability of the result, but a means of achieving it – you cannot stretch the claims to cover anything that works</li> </ul>
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In one respect you could say that the test Binnie proposes is more expansive than Lord Hoffman's test. But, in reading the entire thing together did he intend to come to the same result? How do paragraph's 56-60 fit together? You might have difficult issues of technical evidence to prove that a particular product falls within a claim.

**Cognoleum v. Mannington**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Company had two products: linoleum and solid-vinyl</li> <li>○ They had a cushiony floor-covering, which revolutionized the industry</li> <li>○ The product substantially altered the temperature of the blowing agent – process limitation</li> <li>○ A chemist testified that if the infringing party used the alteration, you should be able to find more in the depressed areas than the compressed areas</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> How do you prove the infringement? How do you prove that the alleged infringer has the alteration?</li> <li>○ The trial judge looked at the chemists evidence relating to proof of infringement</li> <li>○ What happened in the chemical process was in dispute – was the embossing caused by a changing of the decomposition temperature or some other cause?</li> </ul>	<ul style="list-style-type: none"> <li>○</li> </ul>

**Gillette v. Anglo-American (1913) HL**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The defendants made a product which on the exterior looked like the plaintiff's, but functionally was the same as a piece of prior razor that had been published before</li> </ul>	<ul style="list-style-type: none"> <li>○ The product is the same as the prior art and, therefore, either it does not infringe or the patent is invalid</li> </ul>

If what you the defendant is doing is simply what is old then the defendant should be alright. This is a test that is sometimes used – you have to adopt it to ensure that the thing that is old is 'old' in accordance with the Canadian statutory context.

**The Activity Aspect of Infringement**

You have to find that the activity that the defendant is doing is within the grant of the monopoly. There are a variety of aspects to this – questions arise as to particular activities are inside or outside the patent monopoly: Where is the activity taking place – a patent in Canada only gives rights in Canada. You have to find a making, using, or selling in Canada in order to have infringement of the Canadian patent. If you have something going on in the United States, it might infringe the U.S. patent, but not necessarily the Canadian patent.

**The Badische Anilin Und Soda Fabrik (1898) HL**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Swiss Corporation got an order for dye from an English customer and they sold it to somebody in Switzerland for conveyance in England</li> </ul>	<ul style="list-style-type: none"> <li>○ Where did the delivery, in fact, take place?</li> <li>○ There was no illegal act done in England with respect to the jurisdiction of the English patent</li> <li>○ You have to make out that the infringement occurs in the jurisdiction within the ambit of the patent</li> </ul>	<ul style="list-style-type: none"> <li>○ The infringing act must take place in the area that governs the patent</li> </ul>

**DomCo v. Mannington (1989) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ DomCo alleged that Mannington offered for sale in Canada vinyl floor covering in May 1980</li> <li>○ The issue came to trial in 1988 and DomCo wanted to amend its statement of claim – infringement had been procured in Canada through the distributors</li> <li>○ The court refused any amendment</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> Had Mannington infringed by selling in Canada?</li> <li>○ Offering in Canada for sale elsewhere does not amount to sale in Canada</li> <li>○ To establish a cause of action for patent infringement, the holder must show that the patent was used, constructed, made, etc., <i>in Canada</i></li> <li>○ The question is whether an infringing act occurred in Canada</li> <li>○ All the offer and promotional offer activity did not amount to any sale in Canada</li> <li>○ <b>Ratio:</b> An offer for sale in Canada in the U.S., made in the U.S. etc., is not infringement</li> <li>○ Where delivery or possession of the goods takes place outside of Canada and where it is not proved that a contract for sale of infringing goods has taken place in Canada, no vending occurs in Canada for the purposes of section 46 of the <i>Patent Act</i></li> </ul>

You must be careful to make sure that the cause of action is firmly and properly established in any case.

**Beloit Canada Ltd. v. Valmet Dominion (1997) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ There was a patent on press sections for paper-making machines</li> <li>○ All the manufacturing activity took place in Montreal – but the machines were sold in places around the world</li> </ul>	<ul style="list-style-type: none"> <li>○ Could you sue in Canada for the sales in Malaysia?</li> <li>○ If you are able to find that a product is being made in Canada it is irrelevant where it is being sold or if it is shipped in parts etc., you have infringement in Canada</li> <li>○ While delivery format is unassembled parts, it is the whole press section that is being sold</li> </ul>	<ul style="list-style-type: none"> <li>○ A manufacturer cannot avoid infringement by disassembling a machine after it has been assembled and then shipping the components</li> <li>○ The manufacture of all the components that are later sufficiently assembled constitutes ‘making’ a patented invention for the purposes of section 44</li> </ul>

Suppose you have a patent for a particular product. Suppose this product has a particular chemical formula. Consider also that the product is successful, but old. However, a new way is developed for making the product, which is ten times cheaper than before. Suppose you have a Canadian patent on the



process. What if another decides to use the process and make the product in the U.S. and sell in Canada. Do you have a remedy?

**American Cyanimid v. Charles E. Frosst (1965) Exch. Ct.**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ There is infringement of a Canadian process patent by the sale in Canada of a product made abroad by that process</li> <li>○ Even if the process makes an intermediate product, you have enough to establish infringement</li> <li>○ <b>Ratio:</b> There is infringement where an imported product was produced by a process patented in Canada, even if the import was not the same product invented in accord with the Canadian patent</li> </ul>

**Contributory (Inducing) Infringement**

You have to show that somebody is doing the acts within the patented claim. However, what happens one person is doing one component and another doing another and putting them together? Inducing another knowingly to infringe a patent or doing something that leads another to do so is infringement. The sale of non-infringing articles to be used to infringe is not an infringement, even where the vendor knows of the purchaser’s intention to infringe, unless:

1. The vendor sells all of the components of the invention to a purchaser so that they may be assembled, or the vendor induces or procures, knowingly and for his own ends, the purchaser to infringe; or,
2. There is an agency relationship with the infringer, a systematic plan between seller and purchaser, or an invitation by the seller to infringer

The sale of a kit of parts which create an infringing article when assembled is inducing infringement by the purchasers of the kit.

**American Arch Co. v. Canuck Supply Ltd. (1924) QB SC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Two parties shared the process for making fire-bricks as patented and then coming together</li> </ul>	<ul style="list-style-type: none"> <li>○ The defendants acting in concert have adopted the method employed by the plaintiff in installing its fire arch – they have copied its designs, its instructions, etc., It was willful, knowing, and premeditated</li> </ul>

**Slater Steel v. R. Payer Co. Ltd. (1968) Exch. Ct.**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The claims relied upon are claims for a combination achieved by winding preformed armour rods</li> <li>○ The monopoly owned by the patents was the combination – the plaintiff has not patent right in the preformed armor rods themselves</li> <li>○ The defendant sold the armour rods to transmission companies knowing they would be used in the combination contemplated by the plaintiff’s patent</li> </ul>	<ul style="list-style-type: none"> <li>○ Where you have a combination, nobody infringes it simply by selling the components (Townsend v. Haworth)</li> <li>○ Selling materials for the purpose of infringing to the person who is to infringe, does not by itself make the person who so sells an infringer – he must be a party with the infringer (Dunlop v. David Mosely)</li> <li>○ Does not one who knowingly and for his own end and benefit and to the damage of the patentee induces or procures another to infringe a patent himself infringe the patent? It seems that it comes to that (Hatton v. Copeland Chatterson Co)</li> <li>○ Because the defendant is a small company</li> </ul>	<ul style="list-style-type: none"> <li>○ If you show procuring or inducing of infringement, there can be infringement, but there must be actual procurement or inducement</li> <li>○ The mere making, using or vending of element which afterwards enter into a combination is not prohibited where the patent is limited to the combination itself</li> </ul>

	selling to a gigantic BC Hydro, there is no way the small company would induce or procure the gigantic company to do something illegal	
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**P&G Co. v. Bristol-Meyer Canada (1979) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The patentee’s product was BOUNCE</li> <li>○ The makers of Fleecy included instructions as to how to effectively use their product</li> </ul>	<ul style="list-style-type: none"> <li>○ Where the defendant has induced or procured an infringement it is sufficient that the article, in fact, has been sold by the defendant for the purpose of putting it on the market for sale to the ultimate infringer, regardless of whether the final sale is made by an agent of the defendant or by independent distributors or retailers</li> <li>○ Knowingly inducing or procuring an infringement by the public of a method claim constitutes an infringement of that method claim of invention</li> </ul>

**Windsurfing International v. Trilantic Corporation (1986) FCA**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Defendant argues it did not sell the sail-board, but rather just the components, which were all old components</li> </ul>	<ul style="list-style-type: none"> <li>○ The respondent is clearly selling parts for the purpose of making a sailboard – to suggest that a patent infringement suit can be successfully avoided by selling parts as components of a kit in contradistinction to their sale assembled is errant nonsense</li> </ul>	<ul style="list-style-type: none"> <li>○ To suggest that a person purchasing components, the only known use for which is assembling to provide the purchaser with what he obviously desired has not been persuaded to do so by the holding out of the desired result by the manufacturer stretches credulity to its limits</li> </ul>

**Dableh v. Ontario Hydro (1996) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Dableh was an employee and made an invention while employed for OH</li> <li>○ OH paid for the patent process etc., and used the invention</li> <li>○ Dableh sued OH for use of the invention</li> <li>○ OH promoted the use of the invention with Quebec Hydro</li> </ul>	<ul style="list-style-type: none"> <li>○ Court issued an injunction</li> <li>○ There are three criteria that must be met in an action for inducing infringement:                             <ol style="list-style-type: none"> <li>1. That an act of infringement was completed by the direct infringer;</li> <li>2. Completion of the act of infringement was influenced by the acts of the inducer – without said influence, infringement would not otherwise take place; and,</li> <li>3. The influence must knowingly be exercised by the seller i.e. the seller knows his influence will result in the completion of the act of infringement</li> </ol> </li> <li>○ Obiter Note: Experimental testing reaches only the cusp of infringement</li> </ul>

**Infringement by Officers and Directors**

If you have infringement by a corporation, can you go after the officers and directors of the corporation? This issue comes up in any case where you have a tort committed by a corporation – can you look through to the people who are running the company and hold them liable?

**Mentmore Mfrg v. National Merchandising Mfrg (1978) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ There was a finding of infringement of a patent relating to ballpoint pens</li> <li>○ The manufacturing company was found to be liable – but a</li> </ul>	<ul style="list-style-type: none"> <li>○ Only will the particular direction or authorization required for personal liability not be inferred merely from the fact of close control of a corporation, but it will not be inferred from the general direction which those in such control must necessarily impart to its affairs</li> <li>○ There is no reason why the small corporation should have the benefit of the same</li> </ul>

<p>claim was also asserted against Goldenberg, who was said to direct the infringement</p> <ul style="list-style-type: none"> <li>○ Trial judge held the director was not personally liable</li> </ul>	<p>approach to personal liability merely because there is generally and necessarily a greater degree of direct and personal involvement in management on the part of its shareholders and directors</p> <ul style="list-style-type: none"> <li>○ Responsibility is a question of fact – there must be circumstances in which it is reasonable to conclude that the purpose of the director or officer was not the direction of the manufacturing and selling activity of the company in the ordinary course of his relationship to it but the deliberate, willful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it</li> <li>○ The directors of a company are not personally liable for infringement by the company, even if they are managing directors or shareholders, unless either:             <ol style="list-style-type: none"> <li>1. They have formed the company for the express purpose of infringing;</li> <li>2. They have directly authorized acts of infringement; or,</li> <li>3. They have authorized acts of infringement by implication</li> </ol> </li> </ul>
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**London Drugs v. Kuehne (1992) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ The fact that acts were in the course of an employee work or in the pursuance of the interests of the corporation do not protect them from liability for their own personal tortuous acts</li> </ul>

**General Defences**

Defences to an action for infringement include the following:

1. Denying any infringing activity;
2. Denying the plaintiff’s right to sue;
3. Alleging the invalidity of the patent; and,
4. Consent or license by the plaintiff;

**Attacks on Validity**

Defendants may plead anything that may render a patent void under the *Patent Act* or at common law because an invalid patent cannot be infringed. With the ‘Gillette’ defense, a defendant can deny both infringement and the validity of the patent, “and thus spare himself the trouble of demonstrating on which horn of the well-known dilemma the plaintiff had impaled himself, invalidity or infringement.” Grounds upon which the validity of a patent may be challenged successfully include:

1. Non-statutory subject matter;
2. Lack of novelty;
3. Lack of utility;
4. Obviousness;
5. Insufficient disclosure;
6. Over Claiming;
7. Claim Ambiguity;
8. True inventor not named in the patent; and,
9. Double-patenting

The most common grounds of attack on validity are anticipation and obviousness.

**Experimental and Developmental Use**

There is a defence that the use made by the defendant is an experimental use. A *bona fide* and non-commercial use for experiment is not infringement, nor is a *bona fide* repair short of remaking the article

or furnishing one of its patented components. Experiments may be shown by evidence of a plan, testing and record-keeping pursuant to the plan and reasonable rather than excessive use.

**Frearson v. Loe (1878) Eng Chancery**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ If a man makes things merely by way of bona fide experiment, and not with the intention of selling and making use of the thing so made for the purpose of which a patent has been granted, but with the view of improving upon the invention the subject of the patent, or with the view of seeing whether an improvement can be made or not, that is not an invasion of the exclusive rights granted by the patent</li> </ul>

There was a time that you could get a compulsory license in relation to pharmaceutical products so long as a royalty was paid to the parent company. This regime was disbanded and we do not have compulsory licensing provisions today.

**Micro Chemicals v. SKF Corp (1971) SCC**

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ Micro started activity before the actual license had been granted</li> <li>○ Trial judge identified four periods of activity: (1) prior to date of application for license; (2) dates of experimental batches; (3) dates where products were made and sold; and (4) actions after June of 1966</li> </ul>	<ul style="list-style-type: none"> <li>○ The trial judge was in error in holding that an experimental user without a license in the course of bona fide experiment with a patented article is in law an infringer</li> <li>○ This sort of experimentation and preparation is not infringement, but in fact the logical result of the right and contemplation of applying for a license</li> <li>○ You should be able to show that you are qualified to make a product if you are going to apply for the license to make it</li> </ul>	<ul style="list-style-type: none"> <li>○ Experimentation for the purpose of showing that you can actually make the product, in contemplation of obtaining a license for the product, is a developmental and experimental use of the product</li> </ul>

**Libbey-Owens v. Ford Motor Co. (1970) SCC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ This case related to a machine that manufactured windshields and the process for making them</li> <li>○ Defendant argued they were protected under section 56</li> <li>○ The plaintiff argued that they had method claims and would infringe based on their use of the method</li> </ul>	<ul style="list-style-type: none"> <li>○ A patent grants rights in respect of an invention – this case had only one invention with two aspects: the machine and the process</li> <li>○ The acquisition of the rights to use the invention before the grant, the use of the process is simply a part of the rights acquired by the use of the machine</li> </ul>

## Patent Remedies

A patentee and all persons claiming an interest under him who obtain judgment at trial are entitled to all damages sustained after the grant of the patent due to an infringement, an injunction, an order for delivery up, an accounting of profits, and the customary panoply of remedies available at the discretion of the court. Remedies really break down into three different kinds of object:

1. Preventive;
2. Restorative; and,
3. Punitive

Preventive	Restorative	Punitive
<ul style="list-style-type: none"> <li>○ Injunction</li> <li>○ Delivery up or Destruction</li> </ul>	<ul style="list-style-type: none"> <li>○ Damages (what did plaintiff suffer)</li> <li>○ Profits (what did infringer gain)</li> </ul>	<ul style="list-style-type: none"> <li>○ Exemplary</li> <li>○ Punitive Damages</li> </ul>

## Statutory Regime

The difference between the Old and New Act is that under the Old Act a patent application stayed secret until it issued and once issued it was good for 17 years from the date of issue. Under the New Act there is an implicit assumption that an ordinary patent ought to issue in three years – the term of the patent is 20 years, but the starting date for protection is the date that the patent is applied for in Canada. Also, the application does not stay secret until the date of issue, but rather a period of 18 months following the application at which point the application material becomes public. The question is, if X goes looking and sees a neat idea about a patent that has yet to issue, can X do whatever s/he wants? No, the patentee is entitled to reasonable compensation for the conduct that takes place in the period between the time the application is laid open and the patent is issued. However, you do not have a cause of action until the patent is issued.

## The Nature of Damages and Profits

Damages seek to measure the gap between where the plaintiff would have been had there been no infringing product – we are taking the plaintiff who has been knocked down and we lift him/her back up to where he would have been. Profits are almost the opposite – in this analysis we are concerned with the infringer’s gain as a result of the infringement. In such an analysis, we seek to restore the balance by taking the infringer’s gain away and giving them to the plaintiff. Damages look at the plaintiff while profits look at the infringer. Punitive damages are applied where something above the compensatory remedies are necessary in order to ensure that the thing does not happen again or the thing done was so egregious and intolerable.

Damages are a legal remedy. A feature of a legal remedy is that once you prove entitlement, you get the legal remedy. Legal remedies, then, are a question of proving the remedies. Profits, being an equitable remedy, are considered differently. It is always in the discretion of the court to provide a remedy that is fair to the parties in the case. There may be cases where you prove infringement and the court does not deem the case appropriate for the taking of profits – it is discretionary. Note also that you have got to be thinking ahead in a patent case. While the remedies are what come at the end of the day, it is important to consider them because a court might ask you to prove one of the two at the time of the trial.

## Domco Industries v. Armstrong Cork (1980) FCTD

Facts	Holding
○ The plaintiff was a non-exclusive	○ <i>Issue</i> : Was the plaintiff entitled to claim profits?

licensee under the patent	<ul style="list-style-type: none"> <li>○ It is not appropriate for a non-exclusive licensee to claim profits</li> <li>○ An infringer may be held to account not only by the patentee, but to anybody who has a right to practice the invention</li> </ul>
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The basis on which an accounting has been refused is a delay in bringing the action. A very long period of time is sufficient to deny the plaintiff to claim an accounting of profits. In this regard, laches is an equitable response to the equitable remedy of profits. Another example is a failure of the patentee to work the invention in Canada. If the patentee does not think enough of the invention to do anything in Canada, it is not enough to say that someone who did make the invention work in Canada should account his/her profits.

**Wellcome Foundation v. Apotex (1991) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ The defendant was arguing that profits are not to be available</li> </ul>	<ul style="list-style-type: none"> <li>○ An accounting of profits is a form of relief ordinarily granted at the election of a patentee whose patent has been infringed in lieu of an award of damages unless there be reasons which would lead the court to restrict relief to damages</li> </ul>

**Lubrizol Corporation v. Imperial Oil (1993) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Delay may limit the party from seeking particular remedies</li> </ul>

**Beloit Canada v. Valment Dominion (1997) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ As a general rule, profits ought not to be awarded because of their difficulty unless there is some showing by the patentee that an injustice would result if profits were not awarded</li> </ul>

Contrast the remarks in *Beloit Canada* and *Wellcome Foundation* in relation to an award of an accounting of profits by the Federal Court. The Ontario Court of Appeal has appeared to take the position that an accounting of profits are an available remedy unless there is some reason to show that it should not be applied.

**Allied Signal v. Dupont (1995) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Plaintiff decided that he would like to go through a full set of discoveries on both damages and profits and then elect the larger figure</li> </ul>	<ul style="list-style-type: none"> <li>○ Putting the parties through two sets of discovery, only one of which would be used or elected, is inequitable</li> </ul>

Generally, some discovery is allowable before allowing the plaintiff to elect a remedy. Also, there might be factors beyond money that would influence the decision. For instance, if you are trying to prove profits you would have made but did not because of the infringement, then the defendant's documents might be the most relevant. In a lot of cases where an election takes place, a large factor is the risk of trying to get documents from the defendant in exchange for allowing the defendant to review your own documents. Many rights holders are concerned about allowing competitors access to their own data.

The general procedure is that remedy is separated from liability. If the patent is not infringed, then why go to all the trouble and expense of determining a remedy? However, the party must elect a remedy before discovery, which appears to impose an obligation on the plaintiff while completely blind.

Consider the ruling in *Allied Signal* which frowned upon the process of discovery on both accountings prior to an election.

Judges have generally not been happy with the remedy of accounting of profits. However, some argue that the difference between damages and profits is illusory. In a damages case, there is a tendency for the action to move forward quickly – it is a question of satisfying the elements. Profits are another problem entirely because the uncooperative defendant has the documents needed. This, in a number of cases, results in a prying of documents – document-by-document. Judges have long recognized that it is unreasonable to think that an exact calculation can be made in damages cases.

## Damages for Patent Infringement

To claim damages, a plaintiff must show that the infringement caused loss. Typically damages are assessed on one or more of the following bases, depending on the facts of each case:

1. Net Profit – damages can be calculated based on the net profit on the sale of all units sold by the defendant at the selling price that they would have reached had they been manufactured by the plaintiff;
2. Royalties – an alternative basis of assessing damages is a reasonable royalty on sales as if the parties had a license agreement;
3. Business Interruption – a plaintiff may recover for interruption of normal business development if he can prove it was caused by the infringement; and
4. Punitive – made to redress malicious, reckless, or high-handed conduct (uncommon).

### Penn v. Jack (1867) Eng Ch.

Facts	Holding
<ul style="list-style-type: none"> <li>○ An invention for supporting propeller shafts in steam powered ships</li> <li>○ The patentee made money from his invention by licensing users at a rate relating to horse-power</li> </ul>	<ul style="list-style-type: none"> <li>○ Damages are awarded as per the horsepower factored by the prescribed rate</li> </ul>

### Watson, Laidlaw & Co. v. Pott Cassels (1914) Eng HL

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ There are 252 infringing machines</li> <li>○ Some customers would never have purchased the machine from the patentee ... ever!</li> <li>○ Two numbers were picked in the lower courts (1500 and 3000f)</li> </ul>	<ul style="list-style-type: none"> <li>○ In the case of damages in general, there is one principle that belies – restoration</li> <li>○ The idea is to restore the person who has sustained injury or loss to the position s/he would have been had s/he not sustained it</li> <li>○ Where restoration is difficult (intangible), the task calls into play inference, conjecture, and the like</li> </ul>	<ul style="list-style-type: none"> <li>○ The mere fact that it is difficult to estimate damages does not mean the court does not have to apply best efforts to do so</li> </ul>

### Feldstein v. McFarlane Gendron (1967) Exch. Ct

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The patent covered a particular mattress support</li> <li>○ People purchased entire beds because of the patented piece</li> </ul>	<ul style="list-style-type: none"> <li>○ Patentee was able to recover on sales of complete beds</li> </ul>	<ul style="list-style-type: none"> <li>○ All loss that is foreseeably the result of the infringing conduct is accountable</li> </ul>

**Gerber Garment Technology v. Lectra Systems (1997) Eng CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ A computer controlled garment cutting machine was developed</li> <li>○ The machine would generate the set of instructions a second machine would use to cut the garment</li> <li>○ <i>Issue</i>: Was the plaintiff entitled to damages in respect of the loss of the computer aided cutting machine?</li> <li>○ There were sales of the infringing machine</li> </ul>	<ul style="list-style-type: none"> <li>○ Damages are compensatory only</li> <li>○ The burden of proof lies on the plaintiff but damages are to be assessed liberally</li> <li>○ Where a patentee has licensed his patent, the damages are the lost royalty</li> <li>○ It is irrelevant that the defendant could have competed lawfully</li> <li>○ Where the patentee has exploited his patent by manufacture and sale he can claim lost profit on sales by defendant, lost profit on own sales, and a reasonable royalty on sales</li> <li>○ Damages are not capable of precise estimation where the patentee exploits by his own manufacture and sale</li> <li>○ Associated or ancillary damages: foreseeable results are accountable in damages</li> </ul>

Ancillary damages used to be referred to as ‘parasitic’ damages.

**Allied Signal v. DuPont (1999) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ How do we calculate the lost profit that the plaintiff would have made on the sales lost to the defendant?</li> <li>○ Once the tort is committed, the question is whether the harm that exists is technically foreseeable</li> </ul>

Take the revenue from the sale of a product, the incremental charges (cost of material, labor, and other overhead) and the fixed charges. When you are measuring a loss you only consider the incremental charges and not the fixed charges because those will have been spent regardless of the amount of sales made. Remember, you are trying to determine how much better off the infringing party is as a result of the infringing conduct. The Canadian approach is that there is no mental element to patent infringement.

**Account of the Infringer’s Profits**

**Teledyne Industries v. Lido Industries (1983) FCTD**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Lido wanted to have all costs deductible</li> </ul>	<ul style="list-style-type: none"> <li>○ What are the deductible costs?</li> <li>○ If you have a business that is already operating and is going to sell a new product line, management can calculate projected profits by deducting from the revenue the variable costs and any portion of fixed costs that increased as a result of adding the product line</li> <li>○ If you are trying to figure out the relative cost of each product, then the fixed charges must be attributed in some rational way to each product line</li> <li>○ Note: The objective is to restore the infringer back to the position it would have been if the infringement did not take place</li> <li>○ The infringer is entitled to deduct only those expenses that actually contributed to the sums received and which he is liable to account – no part or proportion of any expenditure which would have been incurred had the infringing operation not taken place is to be considered as deductible</li> </ul>

**Baker Energy Resources v. Reading and Bates (1994) FCA**

Facts	Holding



<ul style="list-style-type: none"> <li>○ A particular way of inserting a pipeline under a river was developed</li> <li>○ In order to do so, there was a decision to infringe a patent</li> <li>○ There was a ton of ancillary work that was done that did not need the patent</li> </ul>	<ul style="list-style-type: none"> <li>○ This was a situation where the contract held ‘no hold, no pay’</li> <li>○ The defendant was not prepared to take a business risk, but took the easiest road – infringing the patent</li> <li>○ The company had to account for the profit of the entire job</li> </ul>
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The issue of apportionment is at bottom a question of fact bearing on the relationship between the profits earned and the appropriation of the plaintiff’s invention. It may be possible for Imperial to show that some part of the profits made on the infringing sales are not profits ‘arising from’ the infringement in that they are not caused by but simply made on the occasion of such infringement.

For policy reasons, costs in an action will not be considered as deductible. The defendant has the onus of establishing the deductions form revenues that it wants.

To the extent that you can prove that you increased your costs to engage in the infringing production, those increases are deductible. Other than those deductible costs it will be revenue minus incremental costs that will be awarded.

**Apotex v. Wellcome Foundation (2001) FCA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ There were two different types of antibiotics, when taken together are much more powerful than each on their own</li> <li>○ Only one of the two raised an issue of patent infringement</li> <li>○ Pharmaceutical had an infringing and non-infringing ingredient, but the combination of the two makes the drug worthwhile</li> </ul>	<ul style="list-style-type: none"> <li>○ Which portion of the profit was attributable to the presence of the infringing substance?</li> <li>○ One approach is to look at the whole picture and make an estimate (trial approach)</li> <li>○ Another approach is a comparative approach (rejected)</li> </ul>

What is the cost associated with the infringing portion as part of the whole process? What happens if you have a process whose value is its cost-saving function?

**Injunction**

**Jenkins v. Hope (1895) Eng Ch.**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Defendant innocently infringed the patent and had undertaken that it would not continue</li> </ul>	<ul style="list-style-type: none"> <li>○ An undertaking seriously given to the court may be a substitute to an injunctive order</li> </ul>

*Interest* – primarily statutory as far as damages are concerned. In an account of profits there is a theory that once you have earned the wrongful profit it is cash in hand that is invested. Either way, the court says that you do not only have to account for the profit, but the value of having that profit. Picking an appropriate interest rate and compounding it on some basis normally does this. The question is, what is the appropriate interest rate? Post-judgment interest is also statutory.

## Patent Litigation

### Introduction

The range of possibilities in a patent case is broader than it is in others. The amounts of money at stake often make it economically feasible to invest a tremendous amount of time. However, bad advocacy in a patent case can make it a trial for all concerned. Patents are not always intrinsically interesting – the subject matter does not always capture the imagination. Even if the subject matter is not interesting, there are ways to focus on the issues and help the judge understand what the case is about. Part of the litigator's job is to be a teacher – it is his job to take a detailed level of knowledge and find a way to present it to a judge who must learn the technology and render judgment. In other words, there is a real premium on advocacy skills in patent cases.

### Types of Litigation

There are several types of court proceedings that can involve patents:

1. *Direct Infringement* – infringement cases can be brought to the federal court (where the order can be enforced across the country, but the trial may not take place within two years) or the provincial court;
2. *Declaration of Non-Infringement* – An action to impeach a patent and/or a declaration of non-infringement. The question of the patent's validity will be determined immediately. In order to proceed there are two major requirements:
  - a. The party must show that it is a 'person interested; and,
  - b. Put up security for costs;
3. *Trade Libel* – where pre-litigation threats are made to customers and the statements are false and there is a likelihood they will cause injury;
4. *Invention Ownership* – an action relating to the ownership of an invention;
5. *Interpretation* – an action relating to the interpretation of a breach of an agreement relating to a patent;
6. *Confidential Information* – as long as you keep the information confidential and it does not become available to the public you are entitled to the benefit of the secret;
7. *Appeal from Grant Refusal* – an appeal from a decision of the commissioner to refuse grant;
8. *Commissioner Appeals* – an appeal from any decision of the commissioner;
9. *Form 5 Appeals* – a determination of rights of conflicting applications;
10. *NOC Application* – application relating to the granting or withholding of a NOC;
11. *Re-Examination Appeal* – appeal from the decision of a re-examination board;
12. *Mandamus or Certiorari* – any review of a decision of the commissioner that is not appealable

### Non-Infringement

A person suspecting reasonably that he may be accused of infringement may bring an action for a declaration of non-infringement, which is binding only between the parties. The advantage to the prospective defendant is embodied in the fact that it allows him/her to control the proceedings better than as a defendant in an infringement action. However, if a person wishes to invalidate a patent, an action for impeachment is the more appropriate action.

### Impeachment

A finding of invalidity in an action to impeach a patent is binding on everyone, not merely to the parties to the action. Any interested person may bring the action to the Federal Court (provincial courts do not

have the jurisdiction to impeach). An 'interested person' includes any person in the business or producing or trading in goods of the same general class as the patented goods.

There have been two huge cases relating to the ownership of a patent. The Court of Appeal has held that telling an employee that he would not be fired if he would pass on intellectual property ownership rights is good consideration.

### Trade-Label

A person may bring an action to restrain threats for statement by a patentee or other party adverse to that person's right to sell something. The *Trade-Marks Act* authorizes an action for false or misleading statements tending to discredit a competitor's products, services or business. The action for restraining threats requires proof of the threat and the damage, but not malice or lack of reasonable and probable cause, which will be implied where the defendant has no patent or knows his patent is invalid.

#### *S&S Industries v. Rowell (1966) SCC*

Facts	Holding
<ul style="list-style-type: none"> <li>○ The product in question are two wires designed for use in braziers</li> <li>○ The patentee wrote to retailers indicating that if they bought the product from the maker they would proceed in court</li> <li>○ An action was brought under TMA 7(a)</li> </ul>	<ul style="list-style-type: none"> <li>○ All you need to show is a false or misleading statement that would tend to discredit the business, wares, or services and resulting damages</li> <li>○ At common law there is also a requirement of malice</li> </ul>

Patentees get into trouble when they make statements of the other party to third-party customers with the intent of discouraging the customers to continue purchases. Aggressive pre-litigation letter-writing campaigns rarely have the desired result.

### Pre-Litigation Considerations

Under the new *Act* there is a period of time, after the application has been filed for 18 months, the application as originally filed is available for public inspection. It may provide some insight relating to where the competitor is headed. Also, if the client has its own product in development, it may want to consider whether the path they are on is a good one to follow. If a company is in development and another had filed, then the company in development will not be able to pursue a technical path. It may provide an opportunity to redesign to avoid the patent. There is a problem, all you can see is the application as originally filed. Meanwhile, however, the patentee and the commissioner are engaged in exchanges, which may alter the claims.

### Interlocutory Injunction

#### *American Cyanamid v. Ethicon (1975) HL*

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The appellants produced an absorbable suture</li> <li>○ Ethicon was in the business of producing a new suture</li> </ul>	<ul style="list-style-type: none"> <li>○ The granting of an injunction requires that there is a serious issue to be tried or a good arguable case, one which is not frivolous or</li> </ul>	<ul style="list-style-type: none"> <li>○ The judge is enjoined upon an application for an interlocutory injunction to direct his attention to the balance of convenience as</li> </ul>

<ul style="list-style-type: none"> <li>○ AC sought an injunction to enjoin Ehticon from producing the suture claiming patent breach</li> <li>○ At trial, the judge found that AC had proved a prima facie case and the balance of convenience lay with them</li> <li>○ On appeal, the court did not find it necessary to go into questions as to the validity of the patent</li> </ul>	<p>vexatious</p> <ul style="list-style-type: none"> <li>○ Then you move to an irreparable harm analysis - the plaintiff must show that they will suffer irreparable harm</li> <li>○ If the defendant has a competing claim, then you move to the balance of convenience (strict approach) – the court will not cause irreparable harm to the defendant</li> </ul>	<p>soon as he has satisfied himself that there is a serious question to be tried</p> <ul style="list-style-type: none"> <li>○ Three requirements for an interlocutory injunction:                         <ol style="list-style-type: none"> <li>1. Serious issue to be tried?</li> <li>2. Will the plaintiff suffer irreparable harm?</li> <li>3. Balance of convenience</li> </ol> </li> </ul>
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It is theoretically difficult to get an interlocutory injunction in the patents context because the nature of the rights in a patent is such that damages will ordinarily be an adequate remedy. Damages are an adequate remedy where the defendant’s solvency is not in issue and he would be prepared to undertake to keep a complete account of his sales and profits relating to the subject matter of the action, which is the practice on most applications for an interlocutory injunction in a patent case.

If you get an interlocutory injunction you have to give an undertaking to the court so that if you get the injunction and lose the case, you have to compensate the defendant for their loss. The onus to win the case is much higher – you cannot afford to lose the case if you have to pay the other side’s damages. If the court refuses the injunction, it will require the defendant to keep a careful account of its sales so that there are special records making the case easier to prove in damages or in profits. Also, when you ask for an injunction and just fail to get it, the court may order expedited proceedings (case management and timely document production and discovery). You do not want to get an injunction unless you are absolutely convinced that you are going to win.

**Signalisation de Montreal v. Services de Beton (1992) FCA**

Facts	Holding	Ratio
○ Not Done	○ The plaintiff’ impecuniosity is not a reason for the court to intervene	○ If the plaintiff cannot show irreparable harm then s/he will not be granted the interlocutory injunction

**Trial**

Since the subject matter is usually something that is not the subject of every day discussion, the judge must be educated. There is a real challenge here. It takes a minimum of two years, generally, to get a statement of claim when filed to when it is tried. The lawyers have the opportunity to absorb and really get to know the material. It is unlikely that the trial judge has any background on the matter and has only briefly reviewed the statement of claim and statement of defence. Part of the education process starts in the opening – provide the judge with a framework. Review the procedure at page 20.

**Expert Evidence**

The expert has special knowledge or experience that a layperson would not have. The testimony is supposed to be helpful to the court in understanding this special knowledge. In a patent case there must be a transfer of information from the expert to the judge – the expert, however, is not supposed to testify to the ultimate issue. An expert is generally not qualified to speak to the issue in a patent case because construction of a patent is a matter of law. The question of what the patent means is something that judge has to do. The expert must provide the judge with a requisite level of knowledge so that a judge can read the patent and understand it as a person skilled in the art would understand it. The expert should provide

the basic field of the invention, a meaning of the terms in a patent, etc., The judge's area of expertise is what the patent means, not the expert.

### The "Ikarian Reefer" (1993) Eng QB

<b>Facts</b>	<b>Holding</b>
○ What role does an expert play in a case?	○ The expert is supposed to be impartial and informative ○ The expert's job is to educate and not to advocate a position ○ The expert is supposed to remain 'uninfluenced' by the lawyers

It is bad practice to shop for experts. No matter how technically astute a lawyer is, there is no way s/he has the expertise of a person involved in that particular field of science. Consider also that if a lawyer dictates the scientific basis of a case, and the expert is prepared to go along with it, it is almost certain where the expert is in a position to defend the indefensible. However, there is an education process that occurs. If a lawyer has never been a witness before, the lawyer has the job of educating the expert as to what is expected from the witness – a lawyer is best placed to do this. It is difficult for the lawyer to completely assimilate all of the expert's information – it is nearly impossible. The lawyer is to educate the scientist as to the issue and the expert educates the lawyer as to the science. The lawyer must educate the expert as to what the judge needs to know, but not his opinion as to what the science needs to be. In the Federal Court the expert's evidence in chief is submitted in the form of an affidavit. Experts do not draft affidavits, lawyers do. It is the lawyer's job to organize the information in a coherent way and prove the case. The statements of science and the opinions, however, had better be the experts.

### Appeals from Trial Decisions

An appeal is a totally different creature than the trial. In a trial the opening sets the scene and as all of the evidence goes in the case builds. In a trial you are trying to tell a story – the invention story. The Court of Appeal reviews the record and decides whether the trial judge has made any mistake warranting a reversal. The Court of Appeal shows deference to the trial judge's finding of fact – the only circumstance that the facts might be questioned is upon an utterly egregious error in the fact-finding process. The Court of Appeal generally acts upon errors of law.

## Title and Licensing

### In General

Title ought to be thought about well before the invention is made. There are two ways that you can get back an investment in research and development:

1. Exploit the patent by making the product and keeping others out; or,
2. License the technology

Depending on the circumstances the model of best exploitation is going to change. For instance, if the individual inventor does not have the means to market a product and gain real commercial success the most reasonable way of exploiting the invention is to get someone else to make the invention and account for the proceeds. The first owner of the invention is not necessarily the inventor. If a person is employed for the purpose of making an invention any invention the employee invents belongs to the employer. Consider also that it really pays before anything starts to happen to have it spelled out clearly in writing who is entitled to what and what the ground rules are. It is routine for sophisticated organizations to get new employees to enter into an employment agreement providing that all aspects of intellectual property developed will remain with the employer. In a number of cases that we look at the employee is inevitably left with the impression that s/he is entitled to more than his/her salary. How do you deal with the situation where a salaried employee invents a tremendously exploitive invention without the ground rules spelled out?

#### Patchett v. Sterling Engineering (1955) HL

Facts	Holding
<ul style="list-style-type: none"> <li>○ Nobody spelled out what would happen with patents when Patchett was originally hired</li> <li>○ Patchett thought that there was an ‘understanding’ the invention would stick with him</li> </ul>	<ul style="list-style-type: none"> <li>○ A near ‘understanding’ is not enough to displace the general rules outline below:                             <ol style="list-style-type: none"> <li>1. Where a person is employed for the purpose of making inventions or in the course of performing their duties is asked to solve a problem which leads to an invention, then the resulting invention is the property of the employer;</li> <li>2. On the other hand, if the person is not employed for that purpose and they come up with the invention incidentally (perhaps even with the use of the employer’s time, material, and resources) the invention belongs to the employee</li> </ol> </li> <li>○ If there is no agreement, but just an ‘understanding’, there is nothing – an understanding is not a contract (cannot function as a sword)</li> </ul>

#### W.J. Gage v. Sugden (1967) ON HC

Facts	Holding
<ul style="list-style-type: none"> <li>○ Teacher sparked idea relating to graphed, blank, and ruled paper and indicated it to Gage</li> <li>○ Sugden was an employee asked to take part in a session to develop the idea proposed to Gage</li> <li>○ Sugden came up with the idea of broken lines across a ruled page that could function as indexing points</li> </ul>	<ul style="list-style-type: none"> <li>○ Sugden was acting as an employee who was asked to participate in a project to solve a problem for the benefit of the employer</li> <li>○ Sugden would not have had exposure to the concept had he not been an employee of Gage – the idea was submitted to Gage for Gage to make a product</li> </ul>

#### Spiroll v. Putti (1976) BC SC

Facts	Holding
<ul style="list-style-type: none"> <li>○ Putti was employed to run a machine for making extruded concrete</li> <li>○ Putti develop improvements for the process</li> <li>○ Spiroll argued that since the inspiration for the machine was gotten in the course of employment it was Spiroll’s invention</li> </ul>	<ul style="list-style-type: none"> <li>○ Putti was not called upon to make improvements to the product nor was contemplation of improvements part of the course of his duties</li> </ul>

*Vokes v. Heather*

Facts	Holding
<ul style="list-style-type: none"> <li>○ Not Done</li> </ul>	<ul style="list-style-type: none"> <li>○ Equitable principles ought not to be introduced in cases of master and servant</li> <li>○ The express words of a contract will govern</li> </ul>

*Comstock Canada v. Electec (1991) FCTD*

Facts	Holding
<ul style="list-style-type: none"> <li>○ An employee was not specifically employed to make inventions</li> </ul>	<ul style="list-style-type: none"> <li>○ The employee had not been hired to invent and the invention was made on the employee's own time, although at least partially on the employer's premises</li> </ul>

**Ownership Agreements**

**Dyform Engineering v. Ittup Hollowcore (1982) BC SC**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Two individuals agreed to put up the money to start a company that would make the machine contemplated by Putti</li> <li>○ The agreement with the company required the disclosure of ideas</li> <li>○ Putti had another idea, which he did not disclose, but rather kept to himself</li> <li>○ Putti had gone back to Spiroll and offered them the improvement on the improvement he had made with them</li> </ul>	<ul style="list-style-type: none"> <li>○ Putti was required to disclose the technical information on the improvement – there was no express direction as to whether the improvement was the property of the company that financed him</li> </ul>

**Techform v. Wolda (2000) ON CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ Wolda was an independent contractor – his only client was Techform</li> <li>○ Wolda was a mechanical engineer for a company that made autoparts</li> <li>○ Wolda changed his arrangement with Techform into a form of independent contracting</li> <li>○ Wolda was involved in a project to develop a hinge for car trunks</li> <li>○ Employer got Wolda to sign a document assigning any invention he made to the company</li> <li>○ Wolda understood that continued employment depended on his signing the document</li> </ul>	<ul style="list-style-type: none"> <li>○ <b>Trial:</b> Two texts take opposite positions on the ownership of invention (Vaver vs. Melville)</li> <li>○ <b>Issue:</b> Was the technology agreement that was signed governing?</li> <li>○ There was insufficient consideration to support the ownership agreement</li> <li>○ <b>Appeal:</b> If the forbearance to fire was followed by a prolonged period of continued employment then it might operate as adequate consideration</li> <li>○ Forbearance from firing is sufficient consideration to support a contract in special circumstances</li> <li>○ While there may be a degree of coercion, the question is as to whether it was legitimate</li> <li>○ The company genuinely believed it was entitled to ownership of inventions</li> <li>○ It may be permissible to put pressure on somebody and not have it vitiate the resulting agreement if the pressure is legitimate</li> <li>○ Wolda was an independent contractor, not an employee, thus lowering the coercive potential for the situation</li> <li>○ Wolda was not forced to sign immediately, but was given time</li> <li>○ Wolda continued to work with Techform for an extended period of time after signing the document, which is inconsistent with a claim of a non-binding agreement</li> </ul>

Suppose X sues Y because of a debt and Y agrees to pay and X agrees to accept. Where would we be if Y can argue s/he was under duress and wanted to avoid costs of litigation.

If a party assigns a patent they alone among all the people on earth are estopped from alleging its invalidity. In other words, you cannot grant a right in intellectual property and later claim that the right is worthless.

### Assignor Estoppel

*Franklin Hocking Co. v. Hocking (1888) HL*

Facts	Holding	Ratio
<ul style="list-style-type: none"> <li>○ The inventor of the first patent competes with the party to whom he sold his invention</li> <li>○ Hocking argues that he is doing something different</li> </ul>	<ul style="list-style-type: none"> <li>○ Hocking is not attacking the validity of the patent, but rather is argues that he is not doing what the patent describes</li> </ul>	<ul style="list-style-type: none"> <li>○ An assignor is free to do anything that the patent does not prohibit just like anybody else</li> <li>○ You may not derogate from the grant</li> </ul>

*Cheerio Toys and Games v. Dubiner (1966) SCC*

Facts	Holding
<ul style="list-style-type: none"> <li>○ The attack was on the title/existence of a trade-mark as a trade-mark</li> </ul>	<ul style="list-style-type: none"> <li>○ You cannot argue that a trade-mark that you have assigned is worthless as a defence to your own actions</li> </ul>

### The Rights of Co-Owners

People tend to talk about patents as if they are some form of chattel in the sense that a mortgage or bill of exchange might be. However, there are differences in the sense that a patent is simply a document from the government that provides the judicial system will assist in enjoining other parties from exploiting your invention. The patent only grants the inventor the right to exclude others from exploiting the invention. The patent does not provide the inventor with the power to exploit the invention him/herself. For instance, suppose an invention is made and X argues he can make it better. If X can get a patent on the improvement, although it is patentably different from the original, if the improvement ends up being an infringement of the original, the inventor cannot do a thing. The inventor will require the license to use the first invention and then incorporate his own. When you have co-owners there is a further problem. As between one another, what is a co-owner able to do? For instance, suppose a co-owner licenses to an infinite amount of people and the other wants simply to enjoy the right to exclude.

**Forget v. Specialty Tools of Canada (1995) BC CA**

Facts	Holding
<ul style="list-style-type: none"> <li>○ There was a patent that was jointly owned by two people</li> <li>○ One of the two owners purported to assign his interest in the patent without specifically mentioning the interest of the co-owner (wife)</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue:</i> What is a patent, what does it mean to be a co-owner, and what is a license?</li> <li>○ Could a co-owner sell the interest in a patent without the consent of the other? Yes. The co-owner can substitute somebody else into his/her position</li> <li>○ Being a co-owner, each has the right to practice the invention</li> <li>○ A co-owner cannot grant a license without the co-operation of the co-owner</li> </ul>

### Security Interests in Intellectual Property



The problem is that under the *Patent Act* if you have a conveyance that is not registered with the Canadian Intellectual Property Office and the registered owner subsequently purports to convey the property to somebody else and that person does register; the first purchaser will take no title. Thus, if you are going to take a form of security on a patent, how ought it be structured? For instance, if you do it in the form of a mortgage, it means that you have to register the transfer of ownership in order to protect the position. Yet, once this is done what do you do with the patent in order to exploit it? What happens when there is an infringement – which party is responsible for running a lawsuit?

If it is a form of security, the other question that has come up, does the security interest have to be registered under the *PPSA*? Is the interest a chattel paper under the *PPSA*? There are a number of problems when dealing with cases of infringement.

## Licenses

It is important to understand that a license is not a right to do something; a license only provides that X may do certain things without having to account to Y. However, if X infringes upon Z's patent in the process, it is no defense to say that Y provided the right. There are three patterns of license:

1. Non-exclusive license – X may do something, but Y might sell the benefit to others as well;
2. Sole license – X may be the only other person licensed to practice the invention; and,
3. Exclusive license – X is the only person licensed to practice the invention

Being an exclusive licensee for market purposes is nearly as good as being the owner of the patent. There are a number of restrictions. If there is an infringement you must get the permission of the patentee – if the patentee will not co-operate, they must be named as a defendant.

Licenses can also be divided in a number of different ways – for instance, geographic restrictions and divisions; or, time restrictions and durations. It might be helpful to think of a license as a get out of jail free card.

### Dableh v. Ontario Hydro (1993 FCTD)

Facts	Holding
<ul style="list-style-type: none"> <li>○ Ontario Hydro had the policy that the inventor may have the license in his/her name, but Ontario Hydro got the right to practice the invention</li> <li>○ As licensee, Ontario Hydro to get around the problem of having taught the invention to Hydro Quebec, attempted to attack the validity of the patent</li> </ul>	<ul style="list-style-type: none"> <li>○ If X assigns the patent to somebody else, the validity cannot be attacked</li> <li>○ If a license under a patent is granted, you cannot attack the validity</li> </ul>

Barring an interpretation of a contract, once the license is at an end the restrictions on the attacks on validity end as well. It is only as long as the invention is being worked on under a license that there is an estoppel from a validity attack.

## Breach of Conditions Imposed on Licenses

### Hoffmand-LaRoche v. Apotex Inc. (1984) ON CA

Facts	Holding
<ul style="list-style-type: none"> <li>○ Apotex had a compulsory license granted to it to make diazepam</li> <li>○ The license required payment of</li> </ul>	<ul style="list-style-type: none"> <li>○ <i>Issue</i>: How does Hoffman-LaRoche prove that the process used by Apotex is the process covered by the unexpired patent?</li> <li>○ The court looked to section 41 that provides the onus is on the defendant</li> </ul>

royalties during the currency of the patents ○ When the first three patents expired, Apotex stopped paying ○ Hoffman demanded payment on the forth and Apotex argued it was not using it	to prove a different process when the same product is made ○ A license is merely a permission to do something that would otherwise be unlawful ○ Diazepam was a new substance at the time deemed to have been made by the patented process ○ <b>Trial:</b> Where one party peculiarly controls proof of an issue, that party has the onus – if anybody knows the process, Apotex knows and if Apotex does not choose to call in any evidence the court will infer that there is no useful evidence to show that the patent does not infringe ○ <b>Appeal:</b> Affirmed trial judge decision – the common law burden of proof falls on the appellant because the process is in its power to ascertain and disclose ○ <b>Ratio:</b> When you operate under a license you must be very clear how the terms of the patent is drafted
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### Express or Implied License from Sale

Where a party purchases patented goods from the patent owner in the absence of a restriction of which clear notice is given prior to the sale, the purchaser is entitled to do whatever it pleases with what it purchases. However, this principal is not the same with a licensee because the licensee cannot grant any greater interest than what he has. You should be clear on who you are buying from and what their rights are.

### National Phonograph v. Menck (1911) Aust. JCPC

Facts	Holding
○ A network of distributors was set up – if a dealer was stricken from the list of approved dealers the agreement provided that they would not deal with in any way Edison Phonographs ○ Menck got into a dispute with National Phonograph who terminated the dealership – there was no basis ○ When terminated, Menck thought he could obtain his own independent source and started dealing	○ Menck was still covered by his agreement and undertook he would not deal with the goods ○ Even though everyone would be entitled to do what Menck was doing, he enjoined himself by doing so based on the agreement he entered into ○ Menck did not challenge the validity by which he was terminated as a dealer, which might have cleared him from the agreement

### Nature of a Sub-License

When the compulsory license provisions of the *Patent Act* were in the process of being repealed, Novopharm and Apotex had a sweep of licenses. The concern was that if compulsory licenses were brought to an end they would be in a situation where pending applications would be obliterated. Apotex and Novopharm agreed to co-operate in order to make the brand-name companies the enemy.

Each said that if they had a license, but the other did not, the other can be called upon to order the pharmaceutical and sell it on terms already defined. Compulsory licenses had a provision that prohibited sub-licenses. A license is only a permission to practice the patent – to do acts that only the patentee may do. This includes importing or manufacturing the product. This agreement does not do that – one pays the other the costs of doing a certain thing. This scheme is an elaborate agreement to agree.

### Novopharm v. Eli Lilly (1998) SCC

Facts	Holding
○ Each company was supplying the	○ <i>Issue:</i> Is anything changing in the product?

other with a bulk pharmaceutical	○ The product has not been changed and the bulk pharmaceutical is useless
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## Canadian Patent Law

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## Novelty – Old Act (Novelty/Anticipation)

### Old Act Test

27.(1) Subject to this section, any inventor or legal representative of an inventor of invention that was:

- (a) not **known** or used by any other person before he invented it,
- (b) not described in any patent or in any **publication** printed in Canada or in any other country more than two years before presentation of the petition hereunder mentioned, and
- (c) not in **public use** or **on sale** in Canada for more than two year prior to his application in Canada

may, on presentation to the Commissioner of a petition setting out the facts, in this Act termed the filing of the application, and on compliance with all other requirements of this Act, obtain a patent granting to him an exclusive property in the invention.

(2) Any inventor or legal representative of an inventor who applies in Canada for a patent for an invention for which an application for patent has been made in any other country by that inventor or his legal representative before the filing of this application in Canada is not entitled to obtain in Canada a patent for that invention unless his application in Canada is filed either,

- (a) before issue of any patent to that invention or his legal representative for the same invention in any other country, or
- (b) if a patent has issued in any other country, within twelve months after the filing of the first application by that inventor or his legal representative for patent for that invention in any other country

(3) No patent shall issue for an invention that has an illicit object in view, or for any mere scientific principle or abstract theorem.

28.(2) No patent shall be granted on an application for a patent for an invention that had been patented or described in a patent or publication printed in Canada or any other country more than two years before the date of the actual filing of the application in Canada, or had been in public use or on sale in Canada for more than two years prior to that filing.

61.(1) **No patent or claim in a patent shall be declared invalid** or void on the ground that, before the invention therein defined was made by the inventor by whom the patent was applied for, it had already been known or used by some other person, **unless it is established that**,

- (a) that **other person had**, before the date of the application for the patent, **disclosed** or **used** the invention in such manner **that it had become available to the public**;
- (b) that other person had, before the issue of the patent, made an application for patent in Canada on which conflict proceedings should have been directed; or
- (c) that other person had at any time made an application in Canada, which, by virtue of section 28, had the same force and effect as if it had been filed in Canada before the issue of the patent and on which conflict proceedings should properly have been directed had it been so filed

## Novelty – New Act (Novelty /Anticipation)

### New Act Test

28.2 (1) The **subject-matter** defined by a claim in an application for a patent in Canada (the "pending application") **must not have been disclosed**

(a) more than one year before the **filing date** by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant, in such a manner that the subject-matter **became available to the public in Canada or elsewhere;**

(b) before the **claim date** by a person not mentioned in paragraph (a) in such a manner that the subject-matter **became available to the public in Canada or elsewhere;**

(c) in an application for a patent that is filed in Canada by a person other than the applicant, and has a *filing date* that is **before** the *claim date*; or

(d) in an application (the "co-pending application") for a patent that is filed in Canada by a person other than the applicant and has a filing date that is on or after the claim date if

(i) the co-pending application is filed by

(A) a person who has, or whose agent, legal representative or predecessor in title has, previously regularly filed in or for Canada an application for a patent disclosing the subject-matter defined by the claim, or

(B) a person who is entitled to protection under the terms of any treaty or convention relating to patents to which Canada is a party and who has, or whose agent, legal representative or predecessor in title has, previously regularly filed in or for any other country that by treaty, convention or law affords similar protection to citizens of Canada an application for a patent disclosing the subject-matter defined by the claim,

(ii) the filing date of the previously regularly filed application is before the claim date of the pending application,

(iii) the filing date of the co-pending application is within twelve months after the filing date of the previously regularly filed application, and

(iv) the applicant has, in respect of the co-pending application, made a request for priority on the basis of the previously regularly filed application.

(2) An **application** mentioned in paragraph (1)(c) or a co-pending application mentioned in paragraph (1)(d) that is withdrawn before it is open to public inspection shall, for the purposes of this section, be considered never to have been filed.