Canada

by
Steven B. Garland & Daniel J. Hnatchuk

Smart & Biggar

This monograph is reviewed by the Authors and is up-to-date as of July 2019

Global Patent Litigation –
Online Update July 2019

Table of Contents

Canada

Authors

Steven B. Garland

Steven Garland is the Managing Partner and Chair of the Executive Committee of Smart & Biggar. For over twenty-five years, his practice has focused primarily on intellectual property trial and appellate work of all types including issues relating to patent, trademark, copyright, industrial design, trade secret and competition law. He has acted on many patent litigation matters that have involved a wide variety of subjects, including chemical, biochemical, biotechnological, electrical, telephony, mechanical and industrial subject matters. Mr Garland has appeared as counsel in intellectual property cases before the Supreme Court of Canada, the Federal Court and Federal Court of Appeal, appellate and trial courts for the provinces of Ontario, British Columbia, Alberta and Nova Scotia, and the Patent Appeal Board and the Trademarks Opposition Board.

Mr Garland was called to the Ontario Bar in 1992 and the Alberta Bar in 2017. He is also a registered trademark agent (1992), a registered patent agent (1993) and a licensed professional engineer (P.Eng.) for the province of Ontario.

Mr Garland is a member and past President of the International Association for the Protection of Intellectual Property (AIPPI) Canadian Group, and a fellow and past President of the Intellectual Property Institute of Canada (IPIC). He is also a member of the Canadian Bar Association (CBA), and the American Intellectual Property Law Association (AIPLA).

Mr Garland has been:

- Honoured with *Lexology's* 2018 and 2019 Client Choice Award for his leading work in the field of Intellectual Property and Patents.
- Recognized as a stand-out lawyer in private practice by the 2019 *Acritas Stars*.
- Named in *Best Lawyers in Canada* 2019 and 2018 Intellectual Property Law 'Lawyer of the Year'.
- Recognized as a *World IP Review Leader* in 2016,2017, 2018.
- Recognized as a 'Leading Lawyer' in Intellectual Property Law in *The Legal 500 Canada* 2018.
- Recognized in the 2019 edition of *Chambers Canada: Canada's Leading Lawyers for Business* under Intellectual Property: Litigation.
- Named Canada's Trademark Litigator of the Year for 2013 by *Benchmark Canada.*
- Named *Best Lawyers in Canada* 2013 Ottawa Intellectual Property Law Lawyer of the Year.
- Recognized annually since the inaugural edition in 2012 as a 'Local Litigation Star' in *Benchmark Canada* under Intellectual Property.
- Recognized annually since the inaugural Canada Chapter in 2013 of *LMG Life Sciences* as a 'Life Science Star' under Intellectual Property.
- Recognized annually as an 'IP Star' since the inaugural edition in 2014 of *Managing Intellectual Property's IP Stars Handbook: Trademark & Copyright.*

- Recognized annually as an 'IP Star' since the inaugural edition in 2014 of *Managing Intellectual Property's IP Stars Handbook: Patents*.
- Featured in *LEXPERT® Special Edition on Litigation* and *The Globe and Mail*'s *Report on Business Magazine* as a Leading Canadian Litigator since 2013.
- Recognized annually in the *LEXPERT® Guide to the Leading US/Canada Cross-Border Litigation Lawyers in Canada* under Intellectual Property Litigation since 2012.
- Recognized annually since 2013 in the *LEXPERT®/American Lawyer Guide to the Leading 500 Lawyers in Canada* under Intellectual Property Litigation.
- Selected to appear in the 2013 *LEXPERT®/American Lawyer Guide to the Leading 500 Lawyers in Canada* under Intellectual Property.
- Recognized annually since the inaugural edition in 2011 of *World Trademark Review 1000 – The Definitive Guide to Trademark Legal Services*.
- Recognized annually since the inaugural edition in 2006 of *The Best Lawyers in Canada* under Intellectual Property Law.
- Recognized in *The Canadian Legal LEXPERT® Directory* under Intellectual Property and Litigation – Intellectual Property.
- Recognized annually since the inaugural edition in 2006 of *Chambers Global – The World's Leading Lawyers for Business* under Intellectual Property: Litigation.
- Recognized in each edition of *Euromoney*'s *Expert Guides: Patents* since 2007.
- Listed in *IAM Life Sciences 250 – The World's Leading Life Sciences Patent Litigators* 2010.
- Recognized annually since the inaugural edition in 2012 of *IAM Patent 1000 – The World's Leading Patent Practitioners* under Litigation.
- Recognized annually since the inaugural edition in 2011 of *IAM Patent Litigation 250 – The World's Leading Patent Litigators*.
- Recognized annually in *Who's Who Legal: Patents* since 2010.
- Recognized annually in *Who's Who Legal: Life Sciences* since 2011.
- Recognized annually since the inaugural edition in 2010 of *Who's Who Legal: Canada* under Patents.
- Recognized annually in *Who's Who Legal: Canada* under Life Sciences since 2013.
- Recognized in the 2015 edition of *Who's Who Legal 100* under Intellectual Property.

Mr Garland is also an adjunct professor at the University of Ottawa Law School where he teaches patent law.

Daniel J. Hnatchuk[1]

Daniel Hnatchuk's practice focusses on intellectual property litigation, and he regularly advises clients on patent, trademark, copyright and industrial design matters. Having worked with Canadian and international clients of all sizes and spanning a broad range of industries, including biotechnology, agrifood, chemical production and processing, and consumer goods and services, Mr Hnatchuk leverages his background in biochemistry to his clients' advantage. He has been successful in appearances before the Federal Court of Canada and has been involved in high stakes matters, both at the trial and appeal level. Mr Hnatchuk also advises clients on strategies to help grow and protect their IP portfolios, and in respect of marketing & advertising issues.

Mr. Hnatchuk was called to the Ontario Bar in 2016, and is also a registered trademark agent (2018).

---

[1] The assistance of Emily Miller and Isabelle St-Hilaire, articling students, in the preparation of this article is acknowledged with appreciation.

Smart & Biggar
P.O. Box 2999, Station D
900-55 Metcalfe Street
Ottawa, Ontario
K1P 5Y6 Canada

Phone: +1 613 232 2486
Fax: +1 613 232 8440
E-mail: ottawa@smart-biggar.ca
Website: www.smart-biggar.ca

Canada

(1) APPLICABLE LAWS

1 Canada is a federal state having ten provinces and three territories. Canada does not have a specialized patent court per se, as found in some other jurisdictions. There is a single, national Federal Court, and also a separate provincial court system in each province or territory. The Supreme Court of Canada is the final Court of Appeal for each system. The Federal Court and all the provincial court systems, with the exception of the province of Quebec, are common law systems influenced by the system in England. The legal system in Quebec is governed by a civil code. Most patent proceedings are brought in the Federal Court, notwithstanding an overlap in jurisdiction with provincial courts for patent infringement actions.

2 The Canadian patent system is governed by the Federal *Patent Act*.[2] Canada is a contracting party to the International Convention for the Protection of Industrial Property (Paris Union) and is also a member of the World Trade Organization (WTO). On 1 October 1989, Canada moved from a 'first-to-invent' patent system to a 'first-to-file' system. As a result, there are essentially two separate patent systems in Canada, one for applications filed prior to 1 October 1989 and one for applications filed on or after that date.[3] The amendments primarily affected prior art related issues with respect to anticipation and obviousness, but also altered the duration of the exclusive rights granted by a patent. These amendments are discussed in greater detail below.

---

[2] *Patent Act*, RSC 1985, c P-4.
[3] *Ibid, ss 78.1–78.5.*

(2) ENTITLEMENT

(2.1) COMPENSATION

3 The Canadian *Patent Act* does not include any provisions relating to the compensation to be paid for an invention, even in circumstances where the invention is made by the inventor in the course of his/her employment. Thus, in Canada, compensation for an invention is governed by the contractual relationship between the inventor and his/her employer. Indeed, it is not uncommon for employment contracts in Canada to include provisions assigning all rights to any invention made by an employee in the course of their employment to the employer without further compensation beyond the employee's salary.

(2.2) DERIVATION

4 As a general rule, the prosecution of a patent application in Canada is an ex parte process and is restricted to the correspondence between the Patent Office and the applicant. As such, the Canadian *Patent Act* does not provide for derivation or opposition proceedings pursuant to which entitlement can be challenged while a patent application is pending.

5 There are two exceptions to this general rule. First, section 34.1 of the *Patent Act* provides that any person may file with the Patent Office prior art consisting of patents, published applications and printed publications that the person believes has a bearing on the patentability of any claim in a pending application, along with a written explanation of the pertinency of the prior art.[4] Second, pursuant to rule 10 of the *Patent Rules*, a third party can write to the Patent Office and 'protest' against the granting of a patent.[5] The materials filed by a third party pursuant to either of these provisions are considered by the Patent Office in determining the patentability of the claims of the pending application. However, while the Patent Office will acknowledge the receipt of the prior art or protest filed by a third party, it will not inform the third party of its consideration of same or otherwise discuss the prosecution of the patent application with the third party.

6 Once an application has issued to patent, entitlement to a patent in whole or in part can be challenged:

(1) in the Federal Court by way of a proceeding to:
  (a) vary or expunge an entry in the records of the Patent Office relating to the title pursuant to section 52 of the *Patent Act*;[6] or
  (b) have a patent or patent claim declared invalid or void on numerous grounds pursuant to section 60 of the *Patent Act*;[7] or
(2) through re-examination proceedings pursuant to section 48.1 of the *Patent Act*.[8]

---

4 *Ibid*, s. 34.1.
5 *Patent Rules*, SOR/1996-423, r. 10.
6 *Patent Act*, RSC 1985, c P-4, s. 52. Section 8.7.3 – Entitlement Proceedings.
7 *Patent Act*, RSC 1985, c P-4, s. 60. Section 5.1 – Invalidity.
8 *Patent Act*, RSC 1985, c P-4, s. 48.1. Section 8.4.1 – Re-examination.

(2.3) APPLICANT

7 In Canada, a patent application can be filed by an inventor or a 'legal representative' of an inventor (which includes heirs, executors, administrators, guardians, curators, tutors, assigns and all other persons claiming through or under applicants for patents and patentees of inventions).[9]

8 The Canadian *Patent Act* does not define the term 'inventor'. Canadian courts have held that an inventor is the person responsible for the inventive concept, which is not only the conception of the invention but also includes its reduction to practice.[10] However, to be an inventor one must contribute to the inventive concept and not merely help the invention to completion (e.g., taking steps to verify the invention).[11]

(2.4) EMPLOYEE

9 The Canadian *Patent Act* does not explicitly address ownership of patent rights in an employee/employer relationship. In Canada, an employee is presumed to own his/her invention, and the mere existence of an employment relationship does not disqualify an employee from patenting an invention made during the course of employment. This presumption holds true even where the invention relates to an aspect of the employer's business, the employee used the employer's time and materials in the inventive process and/or the employee has allowed the employer to use the invention while he/she was employed.[12]

10 Nevertheless, Canadian courts have recognized two exceptions to this presumption, namely:

(i) there is an express contract to the contrary; or
(ii) where the employee was employed for the purpose of inventing or innovating.[13]

11 In determining whether an employee was employed for the purpose of inventing or innovating, a court must take into account the 'nature and context of the employer-employee relationship' and consider such factors as:

---

9 *Patent Act*, RSC 1985, c P-4, ss 2, 27(1).

10 *Apotex Inc v. Wellcome Foundation Ltd*, 2002 SCC 77 at paras 96–97, 21 CPR (4th) 499; *Weatherford Canada Ltd v. Corlac Inc*, 2010 FC 602 at para. 239, 84 CPR (4th) 237, var'd on different grounds 2011 FCA 228, 95 CPR (4th) 101, leave to appeal to SCC refused, 34459 (29 Mar. 2012).

11 *Apotex Inc v. Wellcome Foundation Ltd*, 2002 SCC 77 at paras 96–97, 21 CPR (4th) 499; *Weatherford Canada Ltd v. Corlac Inc*, 2010 FC 602 at para. 239, 84 CPR (4th) 237, var'd on different grounds 2011 FCA 228, 95 CPR (4th) 101, leave to appeal to SCC refused, 34459 (29 Mar. 2012).

12 *Techform Products Ltd v. Wolda* (2000), 94 ACWS (3d) 679 at para. 12, 5 CPR (4th) 25 (Ont Sup Ct J), rev'd on different grounds (2001), 56 OR (3d) 1, 15 CPR (4th) 44 (CA), leave to appeal to SCC refused, 28949 (11 Jun. 2002); *GD Searle & Co v. Novopharm Ltd*, 2007 FCA 173 at para. 36, 58 CPR (4th) 1, leave to appeal to SCC refused, 32113 (1 Nov. 2007), citing *Comstock Canada v. Electec Ltd* (1991), 29 ACWS (3d) 257, 38 CPR (3d) 29 at 72 (FCTD).

13 *Techform Products Ltd v. Wolda* (2000), 94 ACWS (3d) 679 at para. 13, 5 CPR (4th) 25 (Ont Sup Ct J), rev'd on different grounds (2001), 56 OR (3d) 1, 15 CPR (4th) 44 (CA), leave to appeal to SCC refused, 28949 (11 Jun. 2002); *GD Searle & Co v. Novopharm Ltd*, 2007 FCA 173 at para. 36, 58 CPR (4th) 1, leave to appeal to SCC refused, 32113 (1 Nov. 2007), citing *Comstock Canada v. Electec Ltd* (1991), 29 ACWS (3d) 257, 38 CPR (3d) 29 at 72 (FCTD).

(i) whether the employee was hired for the express purpose of inventing;
(ii) whether the employee at the time of hiring had previously made inventions;
(iii) whether the employer had incentive plans encouraging product development;
(iv) whether the conduct of the employee once the invention was created suggested ownership was held by the employer;
(v) whether the invention was the product of the problem the employee was instructed to solve;
(vi) whether the employee's invention arose following his/her consultation through normal company channels (i.e., was help sought);
(vii) whether the employee was dealing with highly confidential information or confidential work; and
(viii) whether it was a term of the employee's employment that he/she could not use the ideas that he/she developed to his/her own advantage.[14]

12 In Canada, there are special rules for public servants, namely a person employed by the federal government or other institution that is an agency thereof.[15] Pursuant to the provisions of the *Public Servants Inventions Act*, all inventions, and all rights thereto in Canada and elsewhere, made by a public servant:

(a) while acting within the scope of his/her duties or employment, or made with facilities, equipment or financial aid provided by or on behalf of Her Majesty; or
(b) that resulted from or is connected with his/her duties or employment, are vested in Her Majesty in Right of Canada.[16]

13 The term 'public servant' in the *Public Servants Inventions Act* has been interpreted broadly, to include even a member of the supplementary reserve of the Canadian Forces.[17] In addition, pursuant to the *Public Servants Inventions Act*, a public servant inventor is required, in any application in Canada for a patent, to disclose that he or she is a public servant.[18]

(2.5) EDUCATION/RESEARCH

14 The Canadian *Patent Act* does not include any specific provisions relating to ownership of inventions by researchers at educational institutions. As such, ownership of such inventions is determined as any employee-employer relationship as set out in section 2.4 above.[19] That being said, many educational institutions in Canada have intellectual property policies relating to ownership of inventions.

---

14 *Techform Products Ltd v. Wolda* (2000), 94 ACWS (3d) 679 at para. 14, 5 CPR (4th) 25 (Ont Sup Ct J), rev'd on different grounds (2001), 56 OR (3d) 1, 15 CPR (4th) 44 (CA), leave to appeal to SCC refused, 28949 (11 Jun. 2002).

15 *Public Servants Inventions Act*, RSC 1985, c P-32, s. 2.

16 *Public Servants Inventions Act*, RSC 1985, c P-32, s. 3.

17 *Louis Brown v. R*, 2014 FC 831 at paras 48–68, 127, 252 ACWS (3d) 320, rev'd on different grounds 2016 FCA 37.

18 *Public Servants Inventions Act*, RSC 1985, c P-32, s. 4(1)(c).

19 Section 2.4 – Employee.

(2.6) TEAMWORK

15 In Canada, where an invention is made by two or more inventors, absent an agreement to the contrary, the inventors own all rights in the invention in equal parts. Accordingly, they are joint applicants for any patent application relating thereto.

16 The Canadian *Patent Act* includes several provisions relating to patent applications having joint inventors/applicants to alleviate some of the difficulties that might arise. In particular, where one joint inventor refuses to file an application or cannot be found after diligent inquiry, the other inventor(s) (or their legal representative(s)) may proceed, and a patent may be granted to the remaining inventor(s) if the Patent Office is satisfied that the joint inventor refused to file the application or cannot be found after diligent inquiry.[20] In addition, where an application is filed and it subsequently appears that one or more further applicants should have been joined, the further applicant(s) may be joined on satisfying the Patent Office that the omission was due to inadvertence or mistake and not for the purpose of delay.[21] Conversely, where an application is filed by joint applicants and it subsequently appears that one or more of them had no part in the invention, prosecution of the application may be carried on by the remaining applicant(s) on satisfying the Office that the remaining applicant(s) is/are the sole inventor(s).[22]

(2.7) ENTITLEMENT CLAIMS

17 See section 2.2 above[23] and section 8.7.3 below.[24]

[20] *Patent Act*, RSC 1985, c P-4, s. 31(1).
[21] *Patent Act*, RSC 1985, c P-4, s. 31(4).
[22] *Patent Act*, RSC 1985, c P-4, s. 31(3).
[23] Section 2.2 – Derivation.
[24] Section 8.7.3 – Entitlement Proceedings.

(3) SCOPE OF PROTECTION

(3.1) CLAIMS, DESCRIPTION AND DRAWINGS

18 The scope of the exclusive rights granted by a Canadian patent is defined by the claims as construed.[25] In Canada, patent claims are construed 'purposively', not in a purely literal fashion.[26] The key to 'purposive' construction is the identification of the particular words or phrases in the claims that describe what the inventor considered to be the 'essential' elements of the invention.[27] To ensure that a patent claim is given an interpretation that 'best ensures the attainment of the patent's objects', it is construed based upon a knowledgeable reading of the whole patent specification (including the claims, description and drawings) through the eyes of a person skilled in the art, rather than a meticulous verbal analysis.[28] The 'intention of the inventor' is the objective intention determined from the patent specification alone, although as noted in section 3.5 below, a recent amendment to the *Patent Act* opens the door to rely on statements made by the patentee during the prosecution of a patent application in limited circumstances for the purposes of patent construction.[29] A purposive construction can expand or limit the literal text of a patent claim.[30]

(3.2) PATENT AS GRANTED

19 The Canadian *Patent Act* provides that after a patent is issued, it shall, in the absence of any evidence to the contrary, be valid.[31] Accordingly, the onus is on any party attacking the validity of a patent to prove, on a balance of probabilities, that the patent is invalid.

(3.3) INTERPRETATION OF STATE OF THE ART

20 As referenced in section 3.1 above,[32] purposive construction entails a review of the patent specification through the eyes of an ordinary 'person skilled in the art'. Canadian courts have defined this notional person as someone who is sufficiently versed in the art to which the patent relates to enable him/her on a technical level to appreciate the nature and description of the invention.[33] Although uninventive, the ordinary 'person skilled in the art' is able to pursue reasonable and logical inquiries[34] and is reasonably diligent in keeping

---

25 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at para. 33, 9 CPR (4th) 168.
26 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at paras 42–50, 9 CPR (4th) 129.
27 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at paras 45–48, 9 CPR (4th) 129.
28 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at paras 48, 49, 9 CPR (4th) 129.
29 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at paras 61–67, 9 CPR (4th) 168.
30 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at para. 49, 9 CPR (4th) 129.
31 *Patent Act*, RSC 1985, c P-4, s. 43(2).
32 Section 3.1 – Claims, Description and Drawings.
33 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at para. 53, 9 CPR (4th) 129.
34 *Apotex Inc v. Syntex Pharmaceuticals International Ltd* (1999), 1 CPR (4th) 22 at 36–37 (FCTD), citing J Bochnovic, *Invention Inventive Step/Obviousness*, in *Patent Law of Canada* 47–48 (GF Henderson ed., The Carswell Co. Ltd. 1994).

up with advances in the field to which the patent relates.[35] The notional person understands, as a practical matter, the problem to be overcome, how different remedial devices might work, and the likely effect of using them.[36] The 'person skilled in the art' is not necessarily an individual person, but may include a combination of the collective expertise of a number of skilled workers, scientists and technicians.[37]

(3.4) CRITERION FOR SCOPE OF PROTECTION

21 As referenced in section 3.1 above,[38] in Canada, the scope of the exclusive rights granted by a patent is defined by the claims as construed.[39] Thus, the 'primacy of the language of the claims' governs the scope of the monopoly granted by a patent.[40] Before embarking upon inquiries into the issues of validity or infringement, the first step in a patent proceeding is to construe the claims.[41] Therefore, a patent claim is construed without an eye to the prior art used to attack the validity of the patent or the allegedly infringing device.[42] The construction of a patent claim is a question of law for the court.[43] That said, although a correctness standard continues to be applied in reviewing the trial judge's construction of a patent, in several decisions the Federal Court of Appeal has also suggested that deference should nevertheless be shown to the trial judge's conclusions based on the assessment of expert evidence and related findings of fact, which are to be reviewed on a standard of palpable and overriding error.[44]

(3.5) ROLE OF PROSECUTION HISTORY

22 Until very recently, extrinsic evidence was inadmissible for the purpose of construing a patent claim. The Supreme Court of Canada had previously clearly stated that no extrinsic evidence, including prosecution histories or file wrappers (domestic or foreign), were admissible to construe a Canadian patent.[45] However, a change to the Patent Act in 2018

---

35 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at para. 74, 9 CPR (4th) 129.

36 *Almecon Industries Ltd v. Nutron Manufacturing Ltd* (1997), 72 CPR (3d) 397 at 401 (FCA), leave to appeal to SCC refused (1997), 74 CPR (3d) vi.

37 *Mobil Oil Corp v. Hercules Canada Inc* (1994), 57 CPR (3d) 488 at 494 (FCTD), rev'd in part (1995), 63 CPR (3d) 473 (FCA), leave to appeal SCC refused (1996), 66 CPR (3d) vi.

38 Section 3.1 – Claims, Description and Drawings.

39 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at para. 33, 9 CPR (4th) 168.

40 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at paras 28–67, 9 CPR (4th) 168.

41 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at para. 43, 9 CPR (4th) 129.

42 *Whirlpool Corp v. Camco Inc,* 2000 SCC 67 at para. 49, 9 CPR (4th) 129. However, the Federal Court and -Federal Court of Appeal have suggested that, for the purposes of construction, a Court is required to have some understanding of where the disputes between the parties lie. See *Halford v. Seed Hawk Inc*, 2006 FCA 275 at paras 13–16, 54 CPR (4th) 130 at 136–137 (FCA); *Shire Biochem Inc v. Canada (Minister of Health)*, 2008 FC 538 at para. 22, 67 CPR (4th) 94.

43 *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at para. 61, 9 CPR (4th) 129.

44 *Cobalt Pharmaceuticals Co v. Bayer Inc*, 2015 FCA 116 at paras 12, 16–18, 253 ACWS (3d) 690; *Zero Spill Systems (Int'l) Inc v. Heide*, 2015 FCA 115 at paras 47–48, 252 ACWS (3d) 806, leave to appeal to SCC requested; *ABB Technology AG v. Hyundai Heavy Industries Co*, 2015 FCA 181 at paras 25–28; and *Alcon Canada Inc v. Actavis Pharma Co*, 2015 FCA 191 at paras 10–12; Nova Chemicals Corp v. Dow Chemical Co, 2016 FCA 216 at paras 13–15, leave to appeal to SCC refused, 37274 (20 Apr. 2017).

45 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at paras 64, 66, 9 CPR (4th) 168. However, a number of recent Federal Court decisions had drawn a distinction between statements or admissions made in the course

now permits written communications made in the course of the prosecution process to be admitted into evidence in limited circumstances.[46] Specifically, the new provision provides that such evidence may be introduced to rebut a representation made by the patentee in an action or proceeding as to the construction of the patent, and applies in respect of any action or proceeding that was not fully disposed of as of December 13, 2018. The provision has not been invoked in an action or proceeding as of yet, and the scope and effect of the new provision remain unknown.

(3.6) EQUIVALENTS

23 In Canada, there is no infringement if, upon a purposive construction, an 'essential' element of the patent claim is different or omitted. However, there may be infringement if non-essential elements are substituted or omitted. For infringement to be established when the allegedly infringing article or process incorporates a variant from the claimed invention, it must be shown that:

(a) the variant has no material effect upon the way the invention works, namely the variant performs substantially the same function, in substantially the same way, to obtain substantially the same result;
(b) at the date of publication, it would have been obvious to a person skilled in the art that such a variant would have no material effect on the way the invention worked; and
(c) that a person skilled in the art would have understood from the language of the claim that the patentee did not intend that strict compliance was an essential requirement of the invention such that the variant was not intended to be excluded from the claim.[47]

(3.7) NON-INVENTIVE APPLICATION OF STATE OF THE ART

24 In Canada, a patent cannot be infringed if what a defendant is doing has already been disclosed in the prior art. This is commonly referred to as the 'Gillette defence', named after the House of Lords' decision in *Gillette Safety Razor Co v. Anglo-American Trading Co. Ltd.*[48] The Gillette defence is not a separate defence, but rather a term of art describing

---

of patent prosecution (which could not be used for the purpose of construing a claim) and a change to the wording of a claim as a result of an objection from the Canadian Patent Office, which was characterized by the Court as an objective fact that therefore can be properly considered when construing a claim. See:*Distrimedic v Dispill*, 2013 FC 1043 at paras 209-210, 111 CPR (4th) 1; *Eli Lilly Canada Inc v. Mylan Pharmaceuticals ULC*, 2015 FC 125, 130 CPR (4th) 116. This approach had not been considered by the Federal Court of Appeal or Supreme Court of Canada.

46 *Patent Act*, RSC 1985, c P-4, s. 53.1.

47 *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at paras 55–56, 9 CPR (4th) 168; *Halford v. Seed Hawk Inc*, 2006 FCA 275 at paras 12–15, 54 CPR (4th) 130.

48 *Gillette Safety Razor Co v. Anglo-American Trading Co Ltd* (1913), 30 RPC 465 at 480 (HL); *Pfizer Canada Inc v. Apotex*, 2005 FC 1421 at paras 159–161, 43 CPR (4th) 81; *Eli Lilly Canada Inc v. Apotex Inc*, 2009 FC 320 at paras 60–64, 75 CPR (4th) 165; *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2012 FC 113 at para. 51, aff'd 2013 FCA 219.

alternative pleadings of non-infringement and invalidity. In essence, a Gillette defence puts the plaintiff on the horns of a dilemma, namely if any of the patent claims are construed in a manner to encompass the defendant's product or process, then those claims are invalid as being anticipated by the prior art.

(3.8) TRANSLATIONS

25 In Canada, a patent application, including the abstract, description, drawings and claims, must be wholly in one of Canada's two official languages, namely either wholly in English or wholly in French.[49] Where a PCT international application that is not in English or French enters national phase in Canada, a translation into English or French must be filed.[50]

(3.9) NATIONAL (NON-EUROPEAN) PATENTS

26 As Canada is not a party to any convention analogous to the European Patent Convention, patent rights in Canada can only be obtained through the issuance of a patent from the Canadian Patent Office.

[49] For example, see *Patent Rules*, SOR/96-423, rr. 27.1(1), 53, 71(3), 136(3), 172(3).
[50] *Patent Rules*, SOR/96-423, s. 58(1)(b).

(4) INFRINGEMENT

27 The *Patent Act* provides that a patentee is granted 'the exclusive right, privilege and liberty of making, constructing and using the invention and selling it to others to be used'.[51] The duration of the exclusive rights granted by a patent depends upon whether the patent is an old act patent or a new act patent. For old act patents (patents that issue from applications filed prior to 1 October 1989), the term of the patent is seventeen years from the date the patent is issued.[52] However, if the seventeen-year term had not expired prior to 12 July 2001, the term is seventeen years from the date of issuance or twenty years from the date the application was filed, whichever expires later.[53] New act patents (patents that issue from applications filed on or after 1 October 1989) have a term of twenty years from the filing date.[54]

28 Historically, Canada did not have a patent term extension regime. However, the *Patent Act* was recently amended to add a new certificate of supplementary protection ('CSP') regime for new pharmaceutical and biologic products that provides a sui generis term of protection of up to two years beyond the expiry of the relevant patent.[55]

29 The CSP grants the same rights as the patent but only with respect to 'the making, constructing, using and selling of any drug that contains the medicinal ingredient, or combination of medicinal ingredients, set out in the certificate, by itself or in addition to any other medicinal ingredient'.[56] The *Patent Act* also expressly provides that it is not an infringement of the CSP to make, use, or sell the medicinal ingredient for the purpose of export.[57]

(4.1) DIRECT INFRINGEMENT

30 The Canadian *Patent Act* does not include an express definition of what acts constitute 'infringement' of a patent. However, Canadian courts have held that any act in Canada that interferes with, in whole or in part, directly or indirectly, the full enjoyment of the monopoly granted to the patentee during the term of the patent, without the patentee's consent, constitutes an infringement.[58] As a practical matter, patentees are normally deprived of the fruits of their invention and the full enjoyment of their monopoly when another person, without licence or permission, uses the invention to further a business interest.[59] The 'intention' of the defendant is generally immaterial to the issue of infringement.[60]

---

51 *Patent Act*, RSC 1985, c P-4, s. 42.

52 *Patent Act*, RSC 1985, c P-4, s. 45(1).

53 *Patent Act*, RSC 1985, c P-4, s. 45(2).

54 *Patent Act*, RSC 1985, c P-4, s. 44.

55 *Patent Act*, RSC 1985, c P-4, s. 116(3).

56 Patent Act, RSC 1985, c P-4, s. 115(1).

57 *Patent Act*, RSC 1985, c P-4, s. 115(2).

58 HG Fox, *The Canadian Law and Practice Relating to Letters Patent for Inventions* 349 (4th ed., The Carswell Co. Ltd. 1969); *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at paras 30–58, 31 CPR (4th) 161.

59 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at para. 37, 31 CPR (4th) 161.

60 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at paras 49–50, 58, 31 CPR (4th) 161; but there may be scenarios where intention is relevant, for example, where the defence of possession without use or intent to use is invoked – See s. 4.1.1 below.

(4.1.1) Products

31 Activities that have been held by Canadian courts to constitute infringement of a product claim include:

- the making or use of a patented product in Canada;[61]
- a sale or an arrangement to sell a patented product in Canada;[62]
- where all the components of a machine were made in Canada and were temporarily assembled for testing, even though the machine was not completely assembled and used in Canada, but in another country;[63]
- the importation, sale or use in Canada of a patented product manufactured abroad;[64]
- possession of a patented article in Canada unless the defendant can show that the invention was neither used nor intended to be used;[65]
- where the claim is to a product for a specific use, the manufacture or sale of the product in Canada for the specific use, per se, irrespective of whether the product is actually used or where it is used;[66]
- manufacturing or selling a patented apparatus, notwithstanding that the apparatus can be used in a non-infringing manner;[67]
- planting of seeds and growing of plants containing genetically modified DNA where the patent claims were directed to the genetically modified DNA and cells containing genetically modified DNA; and[68]
- importation, sale or use in Canada of a product made abroad using a patented intermediate product where that product plays an important part in the manufacture of the imported product.[69]

32 By contrast, the following acts, by themselves, have been held not to constitute infringement of a patented product:

---

61 *Patent Act*, RSC 1985, c P-4, s. 42.

62 *Beloit Canada Ltd v. Valmet-Dominion Inc*, [1997] 3 FC 497 at paras 40–51, 73 CPR (3d) 321(CA).

63 *Beloit Canada Ltd v. Valmet-Dominion Inc*, [1997] 3 FC 497 at paras 40–51, 73 CPR (3d) 321 at 333–339 (CA).

64 *Saccharin Corp v. Anglo-Continental Works, Ltd* (1900), 17 RPC 307 (Eng HCJ); *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 43–44, 140, 31 CPR (4th) 161; *Eli Lilly & Co v. Apotex Inc*, 2009 FC 991 at paras 319–329, 80 CPR (4th) 1, aff'd 2010 FCA 240 at paras 18–20, 90 CPR (4th) 327, leave to appeal to SCC refused, 33946 (5 May 2011).

65 *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 30–58, 31 CPR (4th) 161.

66 *AlliedSignal v. Du Pont Canada* (1993), 68 FTR 17, 50 CPR (3d) 1 at 18–19 (FCTD), aff'd on this issue (1995), 56 ACWS (3d) 156, 61 CPR (3d) 417 at 443–444 (FCA), leave to appeal to SCC refused (1995), 63 CPR (3d) v. (note).

67 *Bourgault Industries Ltd v. Flexi-Coil Ltd* (1999), 87 ACWS (3d) 355, 86 CPR (3d) 221 at 233 (FCA), leave to appeal to SCC refused (2000), 4 CPR (4th) vii.

68 *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 69–97, 31 CPR (4th) 161.

69 *Saccharin Corp v. Anglo-Continental Works, Ltd* (1900), 17 RPC 307 (Eng HCJ); *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 43–44, 140, 31 CPR (4th) 161; *Eli Lilly & Co v. Apotex Inc*, 2009 FC 991 at paras 319–329, 80 CPR (4th) 1, aff'd 2010 FCA 240 at paras 18–20, 90 CPR (4th) 327, leave to appeal to SCC refused, 33946 (5 May 2011).

- the mere offering or promoting of a patented product in Canada that is ultimately sold outside of Canada;[70]
- the manufacture or sale of a patented product outside of Canada even if the product is knowingly manufactured or sold for export into Canada (although a subsequent sale or use in Canada would constitute infringement);[71]
- repair of a patented product, provided it does not constitute a reconstruction of the patented product;[72] and
- the supply of spare parts and service for a patented product.[73]

33 It should be noted that some of these examples of non-infringement may be in doubt in view of the subsequent decision of the Supreme Court of Canada in *Monsanto Canada Inc v. Schmeiser*,[74] which provided clarification of the definition of 'use' and arguably expanded the scope of the exclusive rights granted by a Canadian patent. In addition, the above-noted acts combined with other acts may constitute inducing or procuring infringement as discussed in greater detail in section 4.2.1 below.[75]

(4.1.2) Processes

34 Canada courts have held that a claim directed to a process is infringed by:

(a) use of a patent process in Canada; and[76]
(b) the importation, sale or use in Canada of a product made abroad using:
  (i) the patented process, or
  (ii) an intermediate product that was created in accordance with the patented process, where that process or intermediate product plays an important part in the manufacture of the imported product.[77]

(4.1.3) Absolute Product Protection

35 The term 'absolute product protection' is not recognized in Canadian patent law. However, a patent claim directed to a product per se without limitation, such as the method of manufacture or use thereof, provides protection to the product, irrespective of how the product is made and/or used.

---

70 *Domco Industries Ltd v. Mannington Mills* (1988), 13 ACWS (3d) 315, 23 CPR (3d) 96 at 100–101 (FCTD), aff'd (1990), 20 ACWS (3d) 554, 29 CPR (3d) 481 (FCA), leave to appeal to SCC refused (1990), 33 CPR (3d) v. (note).

71 *Domco Industries Ltd v. Mannington Mills* (1990), 20 ACWS (3d) 554, 29 CPR (3d) 481 at 496 (FCA), leave to appeal to SCC refused (1990), 33 CPR (3d) v. (note).

72 *Rucker Co v. Gavel's Vulcanizing Ltd* (1985), 36 ACWS (2d) 366, 7 CPR (3d) 294 at 323–325 (FCTD); *MacLennan v. Produits Gilbert*, 2008 FCA 35 at para. 23, 67 CPR (4th) 161.

73 *Beloit Canada Ltd v. Valmet-Dominion Inc*, [1997] 3 FC 497, 73 CPR (3d) 321 at 339–341 (CA).

74 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34, 31 CPR (4th) 161.

75 Section 4.2.1 – Inducement.

76 *Patent Act*, RSC 1985, c P-4, s. 42.

77 *Saccharin Corp v. Anglo-Continental Works, Ltd* (1900), 17 RPC 307 (Eng HCJ); *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 43–44, 140, 31 CPR (4th) 161; *Eli Lilly & Co v. Apotex Inc*, 2009 FC 991 at paras 319–329, 80 CPR (4th) 1, aff'd 2010 FCA 240 at paras 18–20, 90 CPR (4th) 327, leave to appeal to SCC refused, 33946 (5 May 2011).

(4.1.4) *De Minimis*

36 The *de minimis* defence is not explicitly recognized under Canadian law. However, the *de minimis* nature of the allegedly infringing activities could assist in respect of possible remedies or in determining whether the activities fall within another exception to infringement. By way of example, in *Micro Chemicals Ltd v. Smith Kline & French Inter-American Corp*, the Supreme Court of Canada held that the defendant's production of a 'small amount' of a patented chemical that never entered into commerce or resulted in any profit to the defendant did not constitute infringement as it fell within the common law experimental use exception from infringement.[78]

(4.1.5) Biological Material

37 In Canada, unicellular (lower) life forms and a variety of genetic or biological materials, including microscopic algae, unicellular fungi (including moulds and yeasts), bacteria, protozoa, viruses, transformed cell lines and hybridomas, are patentable.[79] In addition, methods or processes which produce or which utilize higher or lower life forms are considered to be patentable in Canada.[80]

38 Claims to multicellular (higher) life forms have been found not to be patentable by the Supreme Court of Canada.[81] However, the Supreme Court has also held that a claim to a gene or cell will be infringed by a multicellular (higher) life form containing the patented gene or cell.[82] As such, while a claim to multicellular (higher) life forms may not be technically patentable, from a practical standpoint exclusive rights over a multicellular (higher) life form may still be available.

(4.1.6) Products Containing or Consisting of Genetic Information

39 The Canadian Patent Office routinely grants patents for genetic material including genes, proteins, cells and DNA sequences.[83] As discussed in sections 4.1.1 and 4.1.5 above,[84] the scope of protection of these genetic material patents can extend to their use in multicellular (higher) life forms. For example, the use of plants containing genetically modified plant genes and cells has been held to constitute an infringement of claims directed to the genetically modified genes and cells.[85]

---

78 *Micro Chemicals Ltd v. Smith Kline & French Inter-American Corp* (1971), [1972] SCR 506, 2 CPR (2d) 193 at 202–203.

79 *Re Weyerhaeuser Patent Application No 2,094,511*, 2010 LNCPAT 6, 87 CPR (4th) 235 at para. 25; *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76, 21 CPR (4th) 417 at paras 197–206; *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 21–24, 31 CPR (4th) 161; see also Industry Canada, *Manual of Patent Office Practice* s. 17.02.01.

80 Industry Canada, *Manual of Patent Office Practice* s. 17.02.02; 'Transgenic Animals' Can Patent No 1341442 (7 Oct. 2003) claims 14, 20; Decision 1203 (4 Aug. 1995), Commissioner of Patents at 2–3.

81 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at para. 159, 21 CPR (4th) 417.

82 *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 69–97, 31 CPR (4th) 161.

83 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at para. 32, 21 CPR (4th) 417; *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at para. 2, 31 CPR (4th) 161.

84 Section 4.1.1 – Direct Infringement and s. 4.1.5 – Biological Material.

85 *Monsanto Canada v. Schmeiser*, 2004 SCC 34 at paras 69–97, 31 CPR (4th) 161.

(4.2) INDIRECT (CONTRIBUTORY) INFRINGEMENT

(4.2.1) Inducement

40 Canada does not have a doctrine of contributory infringement per se, as is found in some other jurisdictions.[86] However, in Canada, a person may be liable for infringement of a patent for knowingly inducing or procuring another person to infringe the patent. Three elements are required for a defendant to be found liable for inducing or procuring infringement, namely:

(1) An actual act of infringement was completed by a direct infringer. If there is no act of infringement completed by a direct infringer, there cannot be infringement by inducement.
(2) The completed act of infringement was influenced by the alleged inducer, to the point where without such influence, infringement by the direct infringer would not otherwise have taken place.
(3) The alleged inducer knowingly exercised the influence, such that the alleged inducer knew that the influence would result in the completion of the act of infringement.[87]

However, the inducer is not required to have knowledge of the patent to be liable for inducing infringement.[88]

41 Manufacturing, constructing or selling an article that is used by another in a manner that infringes a patent alone is insufficient to establish inducement, even if the vendor has knowledge that the article will be used by the purchaser in the infringing manner, and even where the article cannot be used for any other purpose.[89] Examples of acts that constitute inducing or procuring infringement include:

(i) the defendant alone, or in association with another person, sells all of the components of an invention to a consumer along with instructions on how to assemble the components to obtain the invention;[90] or
(ii) a sale of a product along with an invitation or request by the defendant to the purchaser to use the product in an infringing manner (i.e., directions or an

---

86 *Apotex Inc v. Nycomed Canada Inc*, 2011 FC 1441 at paras 18–27, aff'd 2012 FCA 195.

87 *AB Hassle v. Canada (Minister of National Health and Welfare)*, 2002 FCA 421 at para. 17, 22 CPR (4th) 1, leave to appeal to SCC refused [2002] SCCA No 531; *MacLennan v. Gilbert Inc*, 2008 FCA 35 at para. 13, 67 CPR (4th) 161; *Weatherford Canada Ltd v. Corlac Inc*, 2011 FCA 228 at para. 162, leave to appeal to SCC refused, 34459 (29 Mar. 2012).

88 *Bauer Hockey Corp v. Easton Sports Canada Inc*, 2010 FC 361 at paras 197–203, 83 CPR (4th) 315, aff'd without comment on this issue 2011 FCA 83, 92 CPR (4th) 103.

89 *Hatton v. Copeland-Chatterson Co* (1906), 10 Ex CR 224, aff'd (1906), 37 SCR 651; *Valmet Oy v. Beloit Canada Ltd* (1988), 20 CPR (3d) 1 at 14 (FCA), leave to appeal to SCC refused (1988), 21 CPR (3d) v; *MacLennan v. Gilbert Inc*, 2008 FCA 35 at paras 33, 40, 67 CPR (4th) 161; see also Uponor AB v. Heatlink Group Inc, 2016 FC 320 at para. 277.

90 *Valmet Oy v. Beloit Canada Ltd* (1988), 20 CPR (3d) 1 at 14 (FCA), leave to appeal to SCC refused (1988), 21 CPR (3d) v; *Windsurfing International Inc v. Bic Sports Inc* (1985), 8 CPR (3d) 241 at 263–265 (FCA).

indication by the defendant to consumers to use the product in a manner that constitutes an infringement).[91]

(4.2.2) Director and Officer Liability

42 Generally speaking, corporate directors and officers are not personally liable for infringing activities of their corporation. However, where the actions of a director or an officer are not the direction of the activity of the corporation in the ordinary course of his/her relationship to it but rather are the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it, personal liability for the infringing activities of the corporation can be established.[92] It has been held that personal liability attaches when the officer's or director's own behaviour is itself tortious or when the actions of the director or officer serve a personal interest rather than that of the corporation.[93]

(4.3) UNFAIR COMPETITION

43 In Canada, anti-competitive behaviour is regulated through the provisions of the *Competition Act*.[94] This statute includes provisions that may, in appropriate circumstances, impose limitations on intellectual property rights, including the rights conferred pursuant to the provisions of the *Patent Act*. Certain *Competition Act* sections may also be available, in limited circumstances, as potential defences in an infringement action.

44 Pursuant to section 32 of the *Competition Act*, the Federal Court may grant special remedies where use has been made of the exclusive rights and privileges conferred by, *inter alia*, one or more patents or CSPs, so as to:

(a) limit unduly the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity that may be a subject of trade or commerce;
(b) restrain or injure, unduly, trade or commerce in relation to any such article or commodity;
(c) prevent, limit or lessen, unduly, the manufacture or production of any such article or commodity or unreasonably enhance the price thereof; or
(d) prevent or lessen, unduly, competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity.[95]

---

91 *Procter & Gamble Co v. Bristol-Myers Canada Ltd* (1978), 39 CPR (2d) 145 at 165–167 (FCTD), aff'd (1979), 42 CPR (2d) 33 (FCA), leave to appeal to SCC refused (1979), 42 CPR (2d) 33; *MacLennan v. Gilbert Inc*, 2008 FCA 35 at para. 40, 67 CPR (4th) 161.

92 *Mentmore Manufacturing Co v. National Merchandise Manufacturing Co Inc* (1978), 40 CPR (2d) 164 at 174 (FCA); *Monsanto Canada Inc v. Schmeiser*, 2001 FCT 256, 12 CPR (4th) 204 at 248 (FCTD), aff'd 2002 FCA 309, 21 CPR (4th) 1, appeal allowed in part 2004 SCC 34, 31 CPR (4th) 161.

93 *Halford v. Seed Hawk Inc*, 2004 FC 88 at paras 324–332, 31 CPR (4th) 434, rev'd 2006 FCA 275, 54 CPR (4th) 130 (but aff'd on this issue at paras 54–55).

94 *Competition Act*, RSC 1985, c C-34.

95 *Competition Act*, RSC 1985, c C-34, s. 32(1).

45 The special remedies available to the Federal Court include, *inter alia*, granting a licence under the patent or revoking the patent.[96]

46 The Canadian Competition Tribunal has jurisdiction to grant remedies pursuant to section 76 of the *Competition Act* against any person who has, *inter alia*, the exclusive rights and privileges conferred by a patent or CSP and who directly or indirectly:

(a) by agreement, threat, promise or any like means, has influenced upward, or has discouraged the reduction of, the price at which the person's customer or any other person to whom the product comes for resale supplies or offers to supply or advertises a product within Canada; or
(b) has refused to supply a product to or has otherwise discriminated against any person or class of persons engaged in business in Canada because of the low pricing policy of that other person or class of persons; and
(c) the conduct has had, is having or is likely to have an adverse effect on competition in a market.[97]

47 The Tribunal may make an order prohibiting the person from continuing to engage in the impugned conduct or requiring them to accept another person as a customer within a specified time on usual trade terms.[98]

48 The *Competition Act* also includes several other provisions that may, in appropriate circumstances, have application to the exercise of a party's intellectual property rights, including, for example, provisions relating to:

(a) anyone who conspires, agrees or arranges with a competitor to, *inter alia*, fix, maintain, increase price; lessen production or supply; or control the price, production, or supply of a product;[99] or
(b) abuse of a dominant position.[100]

49 However, for there to be a violation of these provisions, there must be something more than the mere assertion of the rights conferred pursuant to the provisions of the *Patent Act*.[101]

50 The Federal Court has allowed allegations relating to alleged violations of the *Competition Act* to be raised as a defence to a patent infringement action (or the equitable relief sought therein), provided there is a direct link or nexus between the alleged unlawful

96 *Competition Act*, RSC 1985, c C-34, s. 32(2).
97 *Competition Act*, RSC 1985, c C-34, ss 76(1), 76(3).
98 *Competition Act*, RSC 1985, c C-34, ss 76(2).
99 *Competition Act*, RSC 1985, c C-34, s. 45.
100 *Competition Act*, RSC 1985, c C-34, s. 79.
101 *Eli Lilly & Co v. Apotex Inc*, 2005 FCA 361 at para. 30, 44 CPR (4th) 1; *Laboratoires Servier v. Apotex Inc*, 2008 FC 825 at paras 463–478, 67 CPR (4th) 241, aff'd 2009 FCA 222 at paras 127–137, 75 CPR (4th) 443, leave to appeal to SCC refused, 33357 (25 Mar. 2010); *Competition Act*, RSC 1985, c C-34, s. 79(5).

conduct and the patent right at issue in the action.[102] However, to date there have not been any instances in Canada where such a defence has been successful at trial.[103]

51 The Canadian Competition Bureau[104] publishes guidelines that set out the Bureau's views concerning the manner in which the provisions of the *Competition Act* would be applied to conduct involving intellectual property rights, including patents.

52 The Bureau released the most recent version of the Intellectual Property Enforcement Guidelines ('*IPEGs*') on 13 March 2019, following the previous update on 31 March 2016.[105] The *IPEGs* provide that circumstances relating to patents or other intellectual property rights in which the Bureau may apply the *Competition Act* fall into two broad categories: (i) those involving the mere exercise of an intellectual property right and nothing more; and (ii) those involving something more than the mere exercise of an intellectual property right.[106]

53 The Bureau defines the mere exercise of an intellectual property right as the exercise of the owner's right to unilaterally exclude others from using the intellectual property and the intellectual property owner's own use of the intellectual property. The *IPEGs* state that the mere exercise of an IP right is not cause for concern under the general provisions of the *Competition Act*, discussed above, but where it unduly limits or restrains trade or lessens competition, section 32 of the *Competition Act*, discussed above, will apply. The *IPEGs* indicate that conduct will meet this threshold where:

(i) the holder of the intellectual property is dominant in the relevant market;
(ii) the intellectual property is an essential input or resource for firms participating in the relevant market, that is, the refusal to allow others to use the intellectual property prevents other firms from effectively competing in the relevant market; and
(iii) invoking a special remedy against the intellectual property right holder would not adversely alter the incentives to invest in research and development in the economy, i.e., where the refusal to licence the intellectual property is stifling further innovation.[107]

The *IPEGs* state that only in very rare circumstances would all three factors be satisfied.[108]

54 The Bureau considers that 'something more' than the mere exercise of intellectual property rights will occur when intellectual property rights form the basis of agreements or

---

102 *Eli Lilly & Co v. Apotex Inc*, 2005 FCA 361 at paras 14, 36, 44 CPR (4th) 1; *Eli Lilly & Co v. Marzone Chemicals Ltd* (1976), 29 CPR (2d) 253 at 255 (FCTD), aff'd (1976), 29 CPR (2d) 255 (FCA); *Volkswagen Canada Inc v. Access International Automotive Ltd*, 2001 FCA 79 at paras 21, 26; *j2 Global Communications Inc v. Protus IP Solutions Inc*, 2008 FC 759 at paras 29–36, aff'd 2009 FCA 41; *Eli Lilly & Co v. Apotex Inc*, 2002 FCT 1007, 21 CPR (4th) 360 at 371–372 (FCTD).

103 *Eli Lilly & Co v. Apotex Inc*, 2009 FC 991, 80 CPR (4th) 1, aff'd without comment on this issue 2010 FCA 240, 90 CPR (4th) 327, leave to appeal to SCC refused, 33946 (5 May 2011); *Laboratoires Servier v. Apotex Inc*, 2008 FC 825 at paras 463–478, 492–493, 67 CPR (4th) 241, aff'd 2009 FCA 222 at paras 48–50, 75 CPR (4th) 443, leave to appeal to SCC refused, 33357 (25 Mar. 2010).

104 The Competition Bureau is an independent law enforcement agency that investigates anti-competitive practices and promotes compliance with the laws under its jurisdiction, including the *Competition Act*.

105 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019.

106 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 4.2.

107 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 4.2.2.

108 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 4.2.2.

arrangements between independent entities, whether in the form of a transfer, licensing arrangement or agreement to use or enforce intellectual property rights, and when the alleged competitive harm stems from such an arrangement and not just from the mere exercise of an intellectual property right and nothing else. In situations involving 'something more' than the mere exercise of an intellectual property right, the Bureau will rely on the general provisions of the *Competition Act*, discussed above.[109]

55 The updated *IPEG*s contain minor changes to the previous version, published on 31 March 2016. The new changes reflect:

(i) New jurisprudence concerning abuse of dominance under section 79 of the *Competition Act*. In particular, the *IPEGs* contain an enhanced discussion of section 79(5), which provides that an act engaged in pursuant only to the exercise of intellectual property rights is not an anti-competitive act.[110]
(ii) Amendments made to the *Patented Medicines (Notice of Compliance Regulations)* that removed the risk of dual litigation, which the previous IPEGs had noted as a relevant consideration in anti-competitive settlement agreements between innovator and generic pharmaceutical companies.[111]

The previous update to the *IPEGs* had incorporated more extensive changes that have been carried over in the most recent update, focused on providing more complete guidance on the application of the Bureau's analytical framework in respect of specific activities, including:

(i) representations made by companies that acquire patents for the purpose of asserting them (often referred to as 'patent assertion entities', 'non-practicing entities' or colloquially 'patent trolls');[112] and
(ii) conduct involving patents that are essential to an industry standard ('standard essential patents').[113]

(4.4) UNJUSTIFIED THREATS

56 The Canadian *Patent Act* does not contain provisions which explicitly address the issue of unjustified threats. However, the *Act* addresses patent right abuse, discussed in section 4.5 below,[114] and limits the way in which written demands (commonly known as "cease and desist letters") are communicated. The recently-enacted sections 76.2 and 76.3 require that a written demand in respect of a patent or CSP conforms to prescribed requirements as set by regulation.[115] If a written demand is non-compliant and there was no due diligence, the Federal Court may grant any relief that it considers appropriate.[116] No regulations setting out the "prescribed requirements" have been enacted to date, but the Federal Government

109 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 4.2.1.
110 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 4.2.1.
111 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 7.3.
112 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 7.2.
113 Competition Bureau, *Intellectual Property Enforcement Guidelines*, March 2019, part 7.4.
114 Section 4.5 – Antitrust Issues.
115 *Patent Act*, RSC 1985, c P-4, ss. 76.2-76.3.
116 *Ibid* s 76.2(2)-(5)

of Canada has commented that section 76.2 is meant to address bad faith allegations of patent infringement which do not contain sufficient information for the recipient to determine the merits of the demand.[117]

In addition to the above provisions in the *Patent Act* which may be used to address unjustified threats, the unfair competition provisions under section 7 of the *Trade-marks Act* [118] and the false or misleading advertising provisions under sections 52 and 74.01(1) of the *Competition Act* [119] can be used to protect against patent owners making unjustified public allegations of patent infringement, including to customers of a competitor. In particular, section 7(a) of the *Trade-marks Act* prohibits making a false or misleading statement tending to discredit the business, wares or services of a competitor[120] while sections 52 and 74.01(1)(a) of the *Competition Act* prohibits knowingly or recklessly making a representation to the public that is false or misleading in a material respect for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest.[121] Thus, in Canada, it is wise to avoid making allegations to customers of a competitor that the competitor's product or service infringes a patent.

(4.5) ANTITRUST ISSUES

57 Pursuant to the *Patent Act*, any person interested may, at any time after the expiration of three years from the date of grant of the patent, apply to the Commissioner of Patents alleging that there has been abuse of the exclusive rights granted by the patent, and request relief.[122] If the Commissioner is satisfied that a case of abuse is established, the remedies available include the grant of a compulsory licence or revocation of the patent in its entirety.[123] Historically, the abuse provisions have not been used to any great extent in Canada.

58 The exclusive rights under a patent are deemed to be abused in certain circumstances enumerated in the *Patent Act*, although abuse may not be restricted to only those grounds.[124] The specific enumerated grounds of deemed abuse are:

(a) If the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms.[125] Repeated requests for a voluntary licence may constitute a demand for a patented article.[126] However, the demand must be an existing demand of the marketplace, not an artificial or anticipatory demand created by a single trader.[127] There is also a 'demand in Canada' if the applicant

---

117 *Frequently asked questions: Legislative Amendments to the Patent Act*, Government of Canada https://www.ic.gc.ca/eic/site/693.nsf/eng/00165.html, accessed May 7, 2019.

118 *Trade-marks Act*, RSC 1985, c T-13, s. 7; *S&S Industries Inc v. Rowell*, [1966] SCR 419, 48 CPR 193; E Mishan & Sons v. Supertek, 2016 FC 986; Excalibre Oil Tools Ltd v. Advantage Products Inc, 2016 FC 1279.

119 *Competition Act*, RSC 1985, c C-34, ss 52, 74.01(1).

120 *Trade-marks Act*, RSC 1985, c T-13, s. 7(a).

121 *Competition Act*, RSC 1985, c C-34, ss 52, 74.01(1)(a).

122 *Patent Act*, RSC 1985, c P-4, s. 65.

123 *Patent Act*, RSC 1985, c P-4, s. 66.

124 *Torpharm Inc v. Canada (Commissioner of Patents)*, 2004 FC 673 at para. 38, [2004] 4 FCR 29; but see *Torpharm Inc v. Merck & Co* (2000), 9 CPR (4th) 520 at 539 (Pat App Bd).

125 *Patent Act*, RSC 1985, c P-4, s. 65(2)(c).

126 *Torpharm Inc v. Canada (Commissioner of Patents)*, 2004 FC 673 at para. 27, [2004] 4 FCR 29.

127 *Brantford Chemicals Inc v. Canada (Commissioner of Patents)*, 2006 FC 1341 at paras 81–89, 54 CPR (4th) 158.

requires a licence from the patentee for its activities in Canada, notwithstanding that the ultimate article is for export (e.g., a demand for bulk product to manufacture tablets in Canada for export).[128]

(b) If a patentee refuses to grant a licence upon reasonable terms and:
  (i) there is prejudice to the trade or industry of Canada, to the trade of any person or class of persons trading in Canada, or to the establishment of any new trade or industry in Canada; and
  (ii) it is in the public interest that a licence should be granted.[129]

(c) If any trade or industry in Canada, or any person or class of persons engaged therein, is unfairly prejudiced by the conditions attached by the patentee to the purchase, hire, licence or use of the patented article, or to the using or working of the patented process.[130]

(d) If a patent for an invention relating to a process involving the use of materials not protected by the patent or for an invention relating to a substance produced by such a process is utilized by the patentee so as unfairly to prejudice in Canada the manufacture, use or sale of any materials.[131]

59 The term 'patented article' includes articles made under a patented process.[132]

[128] *Torpharm Inc v. Canada (Commissioner of Patents)*, 2004 FC 673 at para. 28, [2004] 4 FCR 29.
[129] *Patent Act*, RSC 1985, c P-4, s. 65(2)(d).
[130] *Patent Act*, RSC 1985, c P-4, s. 65(2)(e).
[131] *Patent Act*, RSC 1985, c P-4, s. 65(2)(f).
[132] *Patent Act*, RSC 1985, c P-4, s. 65(5).

(5) FURTHER DEFENCES TO INFRINGEMENT

(5.1) INVALIDITY

(5.1.1) Subject Matter

(5.1.1.1) Definition of Invention

60 Pursuant to the *Patent Act*, a patent may be granted for any 'invention'. An 'invention' is defined as 'any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter'.[133] This definition is essentially identical to that found in the United States statute. Mere scientific principles or abstract theorems are not patentable.[134] While a mere discovery, per se, such as a scientific observation, is not patentable, a new, useful application of a discovery meets the definition of invention.[135]

61 The term 'art' has a very wide connotation and is not confined to a new process, product or manufacturing technique. To be a patentable 'art', three criteria must be satisfied, namely the invention:

(1) is not a disembodied idea but has a method of practical application;
(2) is a new and innovative method of applying skill or knowledge; and
(3) has a result or effect that is commercially useful.[136]

62 A 'process' implies the application of a method to a material or materials.[137] The Canadian Patent Office considers a 'process' to be a mode or method of operation by which a result or effect is produced by physical or chemical action, by operation or application of some element or power of nature or one substance to another.[138]

63 The term 'machine' has not been judicially construed in Canada in any fulsome way. The term 'machine' is defined by the Canadian Patent Office as the mechanical embodiment of any function or mode of operation designed to accomplish a particular effect and can be considered to be 'any device that transmits a force or directs its application' or 'a device that enables energy from one source to be modified and transmitted as energy in a different form or for a different purpose'.[139]

64 A 'manufacture' is a non-living mechanistic product or process, for example, the process of making an article or material by the application of physical labour or

---

133 *Patent Act*, RSC 1985, c P-4, s. 2.

134 *Patent Act*, RSC 1985, c P-4, s. 27(8); *Riello Canadian Inc v. Lambert* (1986), 9 CPR (3d) 324 at 338 (FCTD).

135 *Calgon Carbon Corp v. North Bay (City)*, 2005 FCA 410 at paras 9–19, 45 CPR (4th) 241, leave to appeal to SCC refused, 31306 (30 Mar. 2006).

136 *Progressive Games Inc v. Commissioner of Patents* (1999), 3 CPR (4th) 517 at 521–522 (FCTD), aff'd (2000), 9 CPR (4th) 479 (FCA), citing *Shell Oil Co v. Commissioner of Patents*, [1982] 2 SCR 536 at 554; see also *Amazon.com, Inc v. Canada (Attorney General)*, 2010 FC 1011 at para. 52, 86 CPR (4th) 321, aff'd 2011 FCA 328.

137 *Commissioner of Patents v. Ciba Ltd* (1957), 27 CPR 82 at 88 (Ex Ct), aff'd [1959] SCR 378, 30 CPR 135 at 141.

138 Industry Canada, *Manual of Patent Office Practice* s. 12.02.02.

139 Industry Canada, *Manual of Patent Office Practice* s. 12.02.03; HG Fox, *The Canadian Law and Practice Relating to Letters Patent for Inventions* 17 (4th ed., The Carswell Co. Ltd. 1969).

mechanical power, or the article or material made by such a process.[140] Accordingly, a multicellular (higher) life form is not included within the definition of a 'manufacture'.[141]

65 A 'composition of matter' includes chemical compounds, compositions and substances[142] and physical or corporeal substances or preparations formed by combination or mixture of various ingredients.[143] A multicellular (higher) life form per se is not a 'composition of matter',[144] even though it does include unicellular (lower) life forms and a variety of genetic or biological materials.[145]

66 As referenced in the definition of 'invention', a patent may be obtained for any improvement on a patented invention, but the patentee does not thereby obtain the right of making, vending or using the original invention (nor does the patent for the original invention confer the right of making, vending or using the patented improvement).[146] As such, an owner of a patent for an improvement may be precluded from manufacturing, using or selling the improvement without the permission of the owner of the patent for the original invention.[147]

(5.1.1.2) Examples of Patentable Subject Matter

67 Some examples of subject matter for which a patent can be obtained include:

- a new product;
- a new process, irrespective of whether the new process produces an old or new product;[148]
- a new use for a known substance or device;[149]
- a combination of known elements that lead to a new, unitary result (a mere juxtaposition of parts is not sufficient), including a process which applies a known method to known materials to produce a new substance;[150]

---

140 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at paras 157–159, 21 CPR (4th) 417; Industry Canada, *Manual of Patent Office Practice* s. 12.02.04.

141 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at para. 159, 21 CPR (4th) 417.

142 Industry Canada, *Manual of Patent Office Practice* s. 12.02.05.

143 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at paras 156–166, 21 CPR (4th) 417.

144 *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at paras 156–166, 21 CPR (4th) 417.

145 For examples of patentable genetic or biological material, see s. 4.1.4 – Biological Material and s. 4.1.6 – Products Containing or Consisting of Genetic Information.

146 *Patent Act*, RSC 1985, c P-4, s. 32; *Wandscheer v. Sicard Ltd*, [1948] SCR 1 at 27; *Lido Industrial Products Ltd v. Teledyne Industries Inc* (1981), 57 CPR (2d) 29 at 43–44 (FCA), leave to appeal to SCC refused (1981), 59 CPR (2d) 183; *SmithKline Beecham Pharma Inc v. Apotex Inc*, 2001 FCT 770, 14 CPR (4th) 76 at 105 (FCTD), aff'd 2002 FCA 216, 21 CPR (4th) 129, leave to appeal to SCC refused (2003), 23 CPR (4th) vii.

147 *Merck Frosst Canada Inc v. Canada (Minister of National Health & Welfare)* (1998), 80 CPR (3d) 110 at 120–121 (FCTD) (citing HG Fox, *The Canadian Law and Practice Relating to Letters Patent for Inventions* 58 (4th ed., The Carswell Co. Ltd. 1969), aff'd (1998), 86 CPR (3d) 489 (FCA).

148 *Tennessee Eastman Co v. Commissioner of Patents* (1972), [1974] SCR 111, 8 CPR (2d) 202 at 206; *General Tire & Rubber Co v. Phillips Petroleum Co*, [1967] SCR 664, 53 CPR 168 at 176.

149 *Shell Oil Co v. Commissioner of Patents*, [1982] 2 SCR 536, 67 CPR (2d) 1 at 10–13; *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at para. 48, 21 CPR (4th) 499.

150 *Domtar Ltd v. MacMillan Bloedel Packaging Ltd* (1977), 33 CPR (2d) 182 at 189–190 (FCTD), aff'd (1978), 41 CPR (2d) 182 (FCA); *Crila Plastic Industries Ltd v. Ninety-Eight Plastic Trim Ltd* (1987), 18 CPR (3d) 1 at 10 (FCA); *Commissioner of Patents v. Ciba Ltd* (1957), 27 CPR 82 at 88 (Ex Ct), aff'd [1959] SCR 378, 30 CPR 135.

– the selection of one or more members of a previously known class of products that possess some special advantage over the other members of the class (known as a 'selection patent')[151]
– single cell (lower) life forms, processes to produce these organisms and uses thereof;[152]
– genetically modified genes, cells, proteins, enzymes, antibodies, cell cultures and plasmids, processes to produce these substances and uses thereof;[153]
– processes for producing multicellular (higher) life forms, provided the process includes human technical intervention and is not a process which occurs essentially according to the laws of nature and uses thereof;[154] and
– in appropriate circumstances, methods of doing business.[155]

(5.1.1.3) Examples of Non-patentable Subject Matter

68 Notwithstanding the broad definition of an 'invention', the Canadian Patent Office and courts have found subject matter that is patentable in other jurisdictions, most notably the United States, not patentable in Canada. Examples of non-patentable subject matter in Canada include:

(1) genetically engineered multicellular (higher) life forms including plants, seeds and animals;[156]
(2) processes or products directed to novel plant varieties produced by traditional cross-breeding methods;[157]
(3) professional skills[158] including:
  (a) surgical or medical methods of treatment;[159] and
  (b) claims directed to pharmaceutical dosage ranges or regimes that require the exercise of a physician's professional skill and judgment;[160] and
  (c) computer programs that carry out unpatentable mathematical calculations (but the incorporation of a computer program in a new and useful process or

---

151 *Pfizer Canada Inc v. Canada (Minister of Health)*, 2006 FCA 214, 52 CPR (4th) 241, leave to appeal to SCC refused [2006] SCCA No 335; *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 8–11, 19, 69 CPR (4th) 251.

152 *Re Application of Abitibi Co* (1982), 62 CPR (2d) 81 (Pat App Bd); *Harvard College v. Canada (Commissioner of Patents)* (2000), 7 CPR (4th) 1 at 17–18, 32 (FCA), rev'd on other grounds 2002 SCC 76 at paras 197–206, 21 CPR (4th) 417; Industry Canada, *Manual of Patent Office Practice* s. 17.02.02 (Canadian Intell. Prop. Off. 2010).

153 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34, 31 CPR (4th) 161; *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76, 21 CPR (4th) 417.

154 'Transgenic Animals' Canadian Patent No 1341442 (7 Oct. 2003); Decision No 1203 (4 Aug. 1995) at 2–3; Industry Canada, *Manual of Patent Office Practice* s. 17.02.02.

155 *Amazon.com, Inc v. Canada (Attorney General)*, 2010 FC 1011 at paras 61–68, 86 CPR (4th) 321, aff'd 2011 FCA 328.

156 Industry Canada, *Manual of Patent Office Practice* ss 12.05.05, 17.02.01a (Canadian Intell. Prop. Off. 2010); *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76, 21 CPR (4th) 417.

157 Industry Canada, *Manual of Patent Office Practice* s. 17.02.02; *Pioneer Hi-Bred Ltd v. Canada (Commissioner of Patents)* (1987), 14 CPR (3d) 491 (FCA), aff'd on other grounds [1989] 1 SCR 1623, 25 CPR (3d) 257; But see *Plant Breeders' Rights Act*, SC 1990, c 20.

158 *Lawson v. Commissioner of Patents* (1970), 62 CPR 101 (Ex Ct).

159 *Tennessee Eastman Co v. Commissioner of Patents* (1972), [1974] SCR 111, 8 CPR (2d) 202; *Imperial Chemical Industries Ltd v. Commissioner of Patents* (1986), 9 CPR (3d) 289 (FCA).

160 *Axcan Pharma Inc v. Pharmascience Inc*, 2006 FC 527, 50 CPR (4th) 321; *Janssen Inc v. Mylan Pharmaceuticals ULC*, 2010 FC 1123, 88 CPR (4th) 359, appeal dismissed as moot following issuance of NOC, 2011 FCA 16, 88 CPR (4th) 379.

apparatus does not detract from the patentability of the process or apparatus).[161]

(5.1.2) Novelty

69 The definition of 'invention' requires the subject matter of the patent to be 'new' (referred to in Canada as 'novelty'). When the scope of a patent claim encompasses 'old' subject matter, the claim is invalid as being 'anticipated' or lacking 'novelty'.

70 As referenced above, on 1 October 1989, Canada moved from a 'first-to-invent' system to a 'first-to-file' system. As a result of the amendments, the provisions relating to novelty were amended and transitional provisions[162] were incorporated. Thus, the novelty provisions for applications filed prior to 1 October 1989 (and patents issuing therefrom – referred to as 'old act patents') are different from the novelty provisions applicable to applications filed on or after 1 October 1989 (and patents issuing therefrom – referred to as 'new act patents').

(5.1.2.1) Patent Applications Filed before 1 October 1989

71 For applications filed prior to 1 October 1989, a patent can be obtained provided the invention claimed was:

(a) not known or used by any other person before the inventor 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 the filing of the application in Canada; and
(c) not in public use or on sale in Canada for more than two years prior to the filing of the application in Canada.[163]

72 However, the prior invention bar referenced in paragraph (a) above is further qualified by the requirement that a patent cannot be declared invalid or void on the ground that, *inter alia*, the invention was previously known or used by some other person before the invention was made by the inventor unless it is established that the other person had, before the effective filing date of the application (which refers to either the actual Canadian filing date or the convention priority date, if applicable), disclosed or used the invention in such manner that it had become available to the public.[164]

(5.1.2.2) Patent Applications Filed on or after 1 October 1989

73 Since 1 October 1989, patent applications have been subject to novelty provisions pursuant to a 'first-to-file' system. Accordingly, a claimed invention in an application filed on or after 1 October 1989 is 'new' unless:

---

161 *Schlumberger Canada Ltd v. Commissioner of Patents* (1981), 56 CPR (2d) 204 (FCA), leave to appeal to SCC refused (1981), 63 CPR (2d) 261; Industry Canada, *Manual of Patent Office Practice*, Ch. 16.

162 *Patent Act*, RSC 1985, c P-4, ss 78.1–78.5.

163 *Patent Act*, RSC 1985, c P-4, s. 27(1), as it read immediately before 1 Oct. 1989. See also *Patent Act*, RSC 1985, c P-4, s. 27(2), as it read immediately before 1 Oct. 1989, for requirements for subject matter disclosed and claimed in a patent application filed in another country.

164 *Patent Act*, RSC 1985, c P-4, s. 61(1), as it read immediately before 1 Oct. 1989.

(a) the invention is disclosed in a Canadian patent application that has an earlier effective filing date (either the actual Canadian filing date[165] or the convention priority date, if applicable);
(b) the invention was, more than one year before the Canadian filing date, disclosed by the applicant, or a person who obtained knowledge directly or indirectly from the applicant, in such a manner that it became available to the public in Canada or elsewhere; or
(c) the invention was, before the Canadian filing date (or the convention priority date, if applicable), disclosed by any third party in such a manner that it became available to the public in Canada or elsewhere.[166]

(5.1.2.3) Legal Test for Novelty

74 The legal test when considering the issue of novelty is a rigorous one.[167] As referenced above, anticipation can be based upon a prior publication, including a prior patent or patent application, or, alternatively, a prior public use or sale of the claimed invention. It is impermissible to rely upon multiple pieces of prior art (referred to as 'mosaicing') to establish that a patent claim lacks novelty.[168]

75 For a claimed invention to be invalid on the basis of anticipation, two requirements must be satisfied, namely 'prior disclosure' and 'enablement'.[169] For the 'prior disclosure' requirement, the prior publication, use or other disclosures must disclose subject matter which, if performed, would necessarily result in the infringement of the patent. The person skilled in the art looking at the prior art is taken to be trying to understand what the author meant and thus, there is no room for trial and error experimentation.[170] For the 'enablement' requirement, a person skilled in the art must be able to perform the invention. Unlike the 'disclosure' requirement, trial and error experimentation is permitted to establish enablement.[171] However, the prior art must provide enough information to allow the invention to be performed without 'undue burden'. The following non-exhaustive factors are normally considered for assessing enablement of a prior publication:

(a) Enablement is to be assessed having regard to the prior publication as a whole (including the specification and the claims of a prior patent).
(b) The person skilled in the art may use his/her common general knowledge to supplement information contained in the prior art. Common general knowledge

---

165 'Canadian filing date' is the date a domestic Canadian patent application was filed with the Canadian Patent Office or the date of filing a PCT patent application designating Canada.

166 *Patent Act*, RSC 1985, c P-4, s. 28.2.

167 *Almecon Industries Ltd v. Nutron Manufacturing Ltd* (1996), 65 CPR (3d) 417 at 429–430 (FCTD), aff'd (1997), 72 CPR (3d) 397 (FCA); *Hi-Qual Manufacturing Ltd v. Rea's Welding & Steel Supplies Ltd* (1994), 55 CPR (3d) 224 at 237 (FCTD), aff'd (1995), 61 CPR (3d) 270 (FCA); *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at para. 25, 9 CPR (4th) 168.

168 *671905 Alberta Inc v. Q'Max Solutions Inc*, 2003 FCA 241 at para. 43, 27 CPR (4th) 385.

169 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 23–30, 69 CPR (4th) 251; *Abbott Laboratories v. Canada (Minister of Health)*, 2008 FC 1359 at para. 75, 71 CPR (4th) 237, aff'd 2009 FCA 94, 73 CPR (4th) 444.

170 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at para. 25, 69 CPR (4th) 251; *Abbott Laboratories v. Canada (Minister of Health)*, 2008 FC 1359 at para. 75, 71 CPR (4th) 237, aff'd 2009 FCA 94, 73 CPR (4th) 444.

171 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 26–27, 69 CPR (4th) 251.

means knowledge generally known by persons skilled in the relevant art at the relevant time.

(c) When considering whether there is undue burden, the nature of the invention must be taken into account. For example, if the invention takes place in a field of technology in which trials and experiments are generally carried out, the threshold for undue burden will tend to be higher than in circumstances in which less effort is normal. If inventive steps are required, the prior art will not be considered as enabling. However, routine trials are acceptable and would not be considered undue burden. But experiments or trials and errors are not to be prolonged even in fields of technology in which trials and experiments are generally carried out. No time limits on exercises of energy can be laid down; however, prolonged or arduous trial and error would not be considered routine.

(d) Obvious errors or omissions in the prior patent will not prevent enablement if reasonable skill and knowledge in the art could readily correct the error or find what was omitted.[172]

76 In order to show that a patent claim is invalid as lacking novelty on the basis of a prior publication, a person skilled in the art must, in effect, be able to look at a single prior publication and find in it all the information which, for practical purposes, is needed to produce the claimed invention without the exercise of any inventive skill. In other words, the prior publication must contain so clear a direction that a person skilled in the art reading and following it would in every case, and without the possibility of error, be led to the claimed invention.[173]

77 Canadian courts have held that for the purpose of analysing anticipation of the claims of a patent in the context of disclosure by prior sale or use, the following supplemental principles also apply:

(a) Sale to the public or use by the public alone is insufficient to prove anticipation; the sale or use must 'anticipate' the invention.

(b) For a prior sale or use to anticipate an invention, it must be an 'enabling disclosure'; the disclosure must be such to enable the ordinary skilled person to make or obtain the invention.

(c) The prior sale or use of a compound will constitute an enabling disclosure to the public with respect to a claim for the compound if its composition can be discovered through analysis of the compound.

(d) The analysis must be able to be performed by a person skilled in the art in accordance with known analytical techniques available at the filing date (or convention priority date, if applicable) provided the invention can be found without the exercise of inventive skill.

(e) When reverse engineering is necessary and capable of discovering the invention, an invention becomes available to the public if a product containing the invention is sold to one member of the public who is free to use it as she or he pleases.

(f) It is not necessary to demonstrate that a member of the public actually analysed the product that was sold.

---

172 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 33, 37, 69 CPR (4th) 251.

173 *Beloit Canada Ltd v. Valmet Oy* (1986), 8 CPR (3d) 289 at 297 (FCA), leave to appeal to SCC refused (1986), NR 80 (note), cited in *Free World Trust v. Électro Santé Inc*, 2000 SCC 66 at para. 26, 9 CPR (4th) 168; see also *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at para. 28, 69 CPR (4th) 251.

(g) The amount of time and work involved in conducting the analysis is not determinative of whether a skilled person could discover the invention. The relevant consideration, in this respect, is only whether inventive skill is required.
(h) It is not necessary that the product that is the subject of the analysis be capable of exact reproduction. It is the subject matter of the patent claims that must be disclosed through the analysis. Novelty of the claimed invention is destroyed if there is a disclosure of an embodiment that falls within the claim.[174]

78 Recent decisions of the Federal Court have held that public experimental use by the inventor/applicant in order to bring the invention to perfection does not constitute public use for the purpose of anticipation, in particular where, of necessity, the experimental use must be conducted in public.[175]

(5.1.3) Inventive Step (Obviousness)

79 A patent cannot be granted for subject matter that lacks inventive ingenuity (inventive step) or is 'obvious'. Initially, the inventive ingenuity requirement for patentability was not expressly included in a provision within the *Patent Act*, but rather was imposed by the interpretation of the term 'invention' by Canadian courts and was considered as of the date of the invention.[176] For patent applications filed prior to 1 October 1989 (and old act patents), these principles are still applicable.

80 Since 1 October 1996, obviousness has been codified in section 28.3 of the *Patent Act* [177] and applies to all applications filed on or after 1 October 1989 (and new act patents).[178] Pursuant to that section, the subject matter of a patent claim must be subject matter that would not have been obvious on the Canadian filing date (or convention priority date, if applicable) 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 Canadian 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;[179] and
(b) information disclosed before the Canadian filing date (or convention priority date, if applicable) by a third party in such a manner that the information became available to the public in Canada or elsewhere.

---

174 *Baker Petrolite Corp v. Canwell Enviro-Industries Ltd*, 2002 FCA 158 at paras 42–43, 17 CPR (4th) 478; *Calgon Carbon Corp v. North Bay (City)*, 2006 FC 1373 at paras 114–136, 56 CPR (4th) 281, aff'd 2008 FCA 81, 64 CPR (4th) 337.

175 *Bayer Inc v. Apotex Inc*, 2014 FC 436 at paras 118–119, 122 CPR (4th) 289; Bayer Inc v. Cobalt Pharmaceuticals Co, 2016 FC 1013 at paras 156–162; Bombardier Recreational Products Inc v. Artic Cat Inc, 2017 FC 207 at paras 491–492 and 582; see also Conway v. Ottawa Electric Railway (1904), 8 Ex CR 432 at 442; Gibney v. Ford Motor Co of Canada Ltd (1967), 2 Ex CR 273, 52 CPR 140 at 159-163; Wenzel Downhole Tools Ltd v. National-Oilwell Canada Ltd, 2011 FC 1323 at paras 141–144, aff'd 2012 FCA 333.

176 *Diversified Products Corp v. Tye-Sil Corp* (1991), 35 CPR (3d) 350 at 365 (FCA).

177 *Patent Act*, RSC 1985, c P-4, s. 28.3.

178 *Patent Act*, RSC 1985, c P-4, ss 78.4, 78.5.

179 The one-year grace period provided in this section extends to a disclosure of independent work of an employee of the applicant provided the work of the employee is owned by the applicant, see *GD Searle & Co v. Novopharm Limited*, 2007 FCA 173 at paras 39–43, 58 CPR (4th) 1, leave to appeal to SCC refused, 32113 (1 Nov. 2007).

81 The Supreme Court of Canada has refined the test for obviousness in Canada, adopting the four-step approach of the House of Lords in the *Windsurfing* case,[180] namely:

(1) Identify the notional 'person skilled in the art' and the relevant common general knowledge of that person.
(2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it.
(3) Identify what, if any, differences exist between the matter cited as forming part of the 'state of the art' and the inventive concept of the claim or the claim as construed.
(4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?[181]

82 The Federal Court of Appeal has recognized that because the term 'inventive concept' referenced in the second step of the test remains undefined, the search for it has brought considerable confusion into the law of obviousness in Canada. Accordingly, the Court of Appeal has stated that this uncertainty can be reduced by simply avoiding the 'inventive concept' altogether and pursuing the alternative course of construing the claim, which is the more useful approach until such time as the Supreme Court is able to develop a workable definition of the 'inventive concept'.[182]

83 The Federal Court of Appeal has also clarified that the words 'state of the art' in third step of the analysis for obviousness are a reference to prior art.[183] Historically, the test to determine whether a prior art reference is 'available to the public', and thus citable for obviousness, is whether it could be found through a 'reasonably diligent search' as of the relevant date.[184] However, recent decisions of the Federal Court and the Federal Court of Appeal have suggested that the 'reasonably diligent search' requirement may only apply at step 4 of the analysis.[185]

84 The Supreme Court of Canada has recognized that in the fourth step of the analysis for obviousness, an 'obvious to try' test may be appropriate, for example, in areas of endeavour where advances are often won by experimentation.[186] If the 'obvious to try' test is warranted, the following non-exhaustive factors should be taken into consideration:

(a) Is it more or less self-evident that what is being tried ought to work? Are there a finite number of identified predictable solutions known to persons skilled in the art?
(b) What is the extent, nature and amount of effort required to achieve the invention? Are routine trials carried out or is the experimentation prolonged and arduous, such that the trials would not be considered routine?
(c) Is there a motive provided in the prior art to find the solution the patent addresses?
(d) What actual course of conduct culminated in the making of the invention? Was the invention arrived at quickly, easily, directly and relatively inexpensively in light of

---

180 *Windsurfing International Inc v. Tabur Marine (Great Britain) Ltd* (1984), [1985] RPC 59 (Eng CA).
181 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at para. 67, 69 CPR (4th) 251.
182 Ciba Specialty Chemicals Water Treatments Limited v. SNF Inc, 2017 FCA 225 at paras 72–77.
183 Ciba Specialty Chemicals Water Treatments Limited v. SNF Inc, 2017 FCA 225 at paras 50–59.
184 *Novartis Pharmaceuticals Canada Inc. v. Teva Canada Ltd*, 2015 FC 770 at para. 53; *E Mishan & Sons Inc v. Supertek Canada Inc*, 2015 FCA 163 at para. 22, 256 ACWS (3d) 409.
185 Pollard Banknote Ltd v. BABN Technologies Corp, 2016 FC 883 at paras 193–195; Ciba Specialty Chemicals Water Treatments Limited v. SNF Inc, 2017 FCA 225 at paras 51–69, 99 and 100.
186 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 67–68, 69 CPR (4th) 251.

the prior art and common general knowledge or was time, money and effort expended in looking for the result the invention ultimately provided?[187]

85 The Federal Court of Appeal has clarified that the mere possibility that something might turn up or is 'worth a try' is not sufficient to satisfy the 'obvious to try' test.[188]

86 The Federal Court of Appeal has also commented that the inquiry mandated by the test for obviousness is factual and functional, and must be guided by expert evidence about the relevant skills of the hypothetical person of ordinary skill in the art, and the state of the art at the relevant time. While there is no single factual question or set of questions that will determine every case, the Federal Court of Appeal has identified the following principal factors that are helpful as a guide or framework for the factual analysis to be undertaken:

(a) The invention claimed, as construed by the court.
(b) The hypothetical skilled person in the art. It is necessary to identify the skills possessed by this hypothetical person.
(c) The body of knowledge of the person of ordinary skill in the art. This includes what the person may reasonably be expected to know and to be able to find out. Not all knowledge is found in print form. On the other hand, not all knowledge that has been written down becomes part of the knowledge that an ordinary person skilled in the art is expected to know or find.
(d) The climate in the relevant field at the time the alleged invention was made. The general state of the art includes not only knowledge and information but also attitudes, trends, prejudices and expectations.
(e) The existing motivation to solve a recognized problem at the time the alleged invention was made. This may mean the reason why the inventor made the claimed invention, or the reason why one might reasonably expect the hypothetical person of ordinary skill in the art to combine elements of prior art to come up with the claimed invention.
(f) The time and effort involved in the invention. The length of time and expense involved in the invention may be indicators of inventive ingenuity, but they are not determinative.

87 In addition, the court has recognized that secondary factors arising after the time that the alleged invention was made, such as commercial success and meritorious awards, may also be relevant to the issue of obviousness, but generally bear less weight.[189]

---

187 *Sanofi-Synthelabo Canada Inc v. Apotex Inc*, 2008 SCC 61 at paras 69–70, 69 CPR (4th) 251.

188 *Pfizer Canada Inc v. Apotex Inc*, 2009 FCA 8 at paras 22–29, 72 CPR (4th) 141; *Eli Lilly Canada Inc v. Mylan Pharmaceuticals ULC*, 2015 FCA 286 at para. 4.

189 *Janssen-Ortho Inc v. Novopharm Ltd*, 2007 FCA 217 at paras 23–25, 59 CPR (4th) 116, leave to appeal to SCC refused, 32200 (6 Dec. 2007); *Laboratoires Servier v. Apotex Inc*, 2008 FC 825 at paras 226–227, 67 CPR (4th) 241, aff'd 2009 FCA 222 at paras 67–90, 75 CPR (4th) 443, leave to appeal to SCC refused, 33357 (25 Mar. 2010); *Bauer Hockey Corp v. Easton Sports Canada Inc*, 2010 FC 361 at paras 223–284, 83 CPR (4th) 315, aff'd 2011 FCA 83, 92 CPR (4th) 103.

(5.1.4) Utility

88 As referenced above, the definition of 'invention' includes the requirement that the invention be 'useful'.[190] That is to say, it must have utility. The *Patent Act* does not prescribe the degree of usefulness required but Canadian courts have held a scintilla of utility will suffice.[191]

89 The Federal Court had developed a 'promise doctrine' for the measure of utility where if the specification of the patent sets out an explicit 'promise' of a specific result, utility was measured against that promise.[192] However, the Supreme Court of Canada has recently stated the 'promise of the patent' doctrine is not appropriate under Canadian law[193] Rather, the Supreme Court of Canada held that a single use related to the nature of the subject-matter as claimed is sufficient to satisfy the utility requirement.[194] The Court adopted a two-step approach for assessing whether a patent discloses an invention with sufficient utility. First, the court must identify the subject matter of the invention as claimed in the patent. Second, the court must ask whether that subject-matter is useful, namely is it capable of a practical purpose (i.e., an actual result).[195] Both the Federal Court and Federal Court of Appeal have applied the new approach.[196]

90 The utility of a claimed invention must, as of the Canadian filing date, either be demonstrated or be soundly predicted based on the information and expertise available at that time.[197] The doctrine of 'sound prediction' balances the public interest in early disclosure of new and useful inventions, even before their utility has been verified by tests, and the public interest in avoiding issuing useless patents and granting monopoly rights in exchange for misinformation.[198] The doctrine is typically used in circumstances where a family of compounds are covered by the claims but only a few members of that family are shown to work in the patent disclosure. That said, the Federal Court of Appeal has observed that the doctrine of sound prediction is not limited to the field of pharmaceutical inventions and applied the doctrine in the context of a patent in the mechanical field.[199]

91 A person who wishes to rely upon the doctrine of sound prediction must meet a three-part test:

---

190 *Patent Act*, RSC 1985, c P-4, s. 2 (invention); *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at para. 56, 21 CPR (4th) 499.

191 AstraZeneca Canada Inc v. Apotex Inc, 2017 SCC 36 at para 55. See also Bristol-Myers Squibb Canada Co v. Apotex Inc, 2017 FCA 190 at para. 40.

192 Laboratoires Servier v. Apotex Inc, 2008 FC 825 at para. 270, aff'd 2009 FCA 222, leave to appeal to SCC refused, [2009] SCCA No 403; Consolboard Inc v. MacMillan Bloedel (Saskatchewan) Ltd, [1981] 1 SCR 504 at 160–161; Sanofi-Aventis v. Apotex Inc, 2013 FCA 186 at paras 47–49.

193 AstraZeneca Canada Inc v. Apotex Inc, 2017 SCC 36.

194 AstraZeneca Canada Inc v. Apotex Inc, 2017 SCC 36 at para. 55; see also Bristol-Myers Squibb Canada Co v. Apotex Inc, 2017 FCA 190 at paras 35–36.

195 AstraZeneca Canada Inc v. Apotex Inc, 2017 SCC 36 at para. 54; see also Bristol-Myers Squibb Canada Co v. Apotex Inc, 2017 FCA 190 at paras 35–36.

196 See, for example *Bristol-Myers Squibb Canada Co v Apotex Inc*, 2017 FCA 190; *Regents of the University of California v I-MED Pharma Inc,* 2018 FC 164; *Pfizer v Canada Inc v Apotex Inc*, 2017 FC 774.

197 *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at paras 51–56, 21 CPR (4th) 499; *Aventis Pharma v. Apotex Inc*, 2005 FC 1283 at paras 82–83, 43 CPR (4th) 161, aff'd 2006 FCA 64 at paras 26–35, 46 CPR (4th) 401, leave to appeal to SCC refused, 31414 (3 Aug. 2006); *GD Searle & Co v. Novopharm Limited*, 2007 FC 81 at para. 102, 56 CPR (4th) 1, rev'd on other grounds 2007 FCA 173, 58 CPR (4th) 1, leave to appeal to SCC refused, 32113 (1 Nov. 2007).

198 *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at para. 66, 21 CPR (4th) 499.

199 *Eurocopter v. Bell Helicopter Textron Canada Ltd*, 2013 FCA 219 at paras 144–162, 120 CPR (4th) 394.

(1) first, there must be a factual basis for the prediction;
(2) second, the inventor must have, at the date of the patent application, an articulable and 'sound' line of reasoning from which the desired result can be inferred from the factual basis; and
(3) third, there must be proper disclosure.[200]

92 If a patent sought to be supported on the basis of sound prediction is subsequently challenged, the challenge will succeed if the prediction at the date of the application was not sound or, irrespective of the soundness of the prediction, there is evidence of lack of utility in fact. There can be no sound prediction of utility when an invention is shown not to work.[201] A claim will be invalid for inutility if it encompasses an inoperable embodiment.[202]

93 The weight of authority in Canada is that normally there is no need to demonstrate utility in the patent disclosure.[203] However, there have been several decisions from the Federal Court and Federal Court of Appeal where it has been suggested that if a patentee seeks to rely on demonstrated utility, the disclosure must make reference to a study demonstrating that the patent does what it promises to do.[204] However, the soundness of this view has been called into question.[205] That said, for selection patents, the advantages of the selected compounds must be specifically described in the disclosure of a selection patent.[206] Additionally, it is likely that for an invention consisting of a new use for a known compound, that the new use would also need to be specifically described in the patent specification.[207]

94 The Supreme Court of Canada's test for sound prediction has been interpreted by the Federal Court and Federal Court of Appeal as requiring a 'heightened' obligation to disclose in the patent specification the underlying facts and the line of reasoning for inventions that comprise the prediction.[208] Moreover, a number of Federal Court and

---

200 *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at para. 70, 21 CPR (4th) 499.

201 *Monsanto Co v. Commissioner of Patents*, [1979] 2 SCR 1108, 42 CPR (2d) 161 at 175–180; *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at paras 55–56, 76, 21 CPR (4th) 499; *Goldfarb v. WL Gore Associates Inc* (2001), 11 CPR (4th) 129 at 154 (FCTD), aff'd 2002 FCA 486, 23 CPR (4th) 1, leave to appeal to SCC refused (2003), 24 CPR (4th) vii.

202 *Minerals Separation North American Corp v. Noranda Mines Ltd* (1949), [1950] SCR 36, 12 CPR 99, aff'd [1952] UKPC 2, 15 CPR 133.

203 *Pfizer Canada Inc v. Novopharm Ltd*, 2010 FCA 242 at paras 82, 87, 88 CPR (4th) 405, rev'd on other grounds 2012 SCC 60; *GlaxoSmithKline Inc v. Pharmascience Inc*, 2011 FC 239 at para. 96, 114 CPR (4th) 1; *AstraZeneca Canada Inc v. Apotex Inc*, 2014 FC 638 at para. 130, 244 ACWS (3d) 180, aff'd 2015 FCA 158; *Eli Lilly Canada Inc v. Apotex*, 2015 FC 1016 at paras 138–142, 257 ACWS (3d) 834.

204 *Novopharm Limited v. Pfizer Canada Inc*, 2010 FCA 242 at para. 90, 88 CPR (4th) 405, rev'd on other grounds 2012 SCC 60; *Pfizer Canada Inc v. Canada (Minister of Health)*, 2011 FCA 236 at para. 30, 95 CPR (4th) 193, leave to appeal to SCC ref'd; *Laboratoires Servier v. Canada (Minister of Health)*, 2015 FC 108 at para. 211, 130 CPR (4th) 1.

205 *Eli Lilly Canada Inc v. Apotex Inc*, 2015 FC 1016 at paras 138–142, 257 ACWS (3d) 834.

206 *Eli Lilly Canada Inc v. Apotex Inc*, 2007 FC 455 at paras 89–109, 58 CPR (4th) 353, aff'd 2008 FCA 44; *Eli Lilly Canada Inc v. Novopharm Ltd*, 2007 FC 596 at paras 139, 154–165, 58 CPR (4th) 214, appeal dismissed as moot 2007 FCA 359, 62 CPR (4th) 161, leave to appeal to SCC refused (2008), 386 NR 381 (note); *Pfizer Canada Inc v. Canada (Minister of Health)*, 2008 FCA 108 at paras 39–40, 67 CPR (4th) 23.

207 *Sanofi-Aventis v. Apotex Inc*, 2013 FCA 186 at para. 126, 114 CPR (4th) 1; *Apotex v. Wellcome Foundation Ltd*, 2002 SCC 77 at paras 70, 72, 21 CPR (4th) 499.

208 *Eli Lilly Canada Inc v. Apotex Inc*, 2009 FCA 97 at para. 14, 78 CPR (4th) 388; *Pfizer Canada Inc v. Mylan Pharmaceuticals ULC*, 2011 FC 547 at paras 226, 228, 93 CPR (4th) 81, aff'd 2012 FCA 103. See also *Eli Lilly Canada Inc v. Hospira Helthcare Corp*, 2016 FC 47 at paras 46–49; Allergan Inc. v. Apotex Inc., 2016 FC 344 at paras 51–57.

Federal Court of Appeal decisions have held that where the prediction relies on data outside the common general knowledge of the skilled person, disclosure of the data may be needed in order to meet the utility requirement,""[209] However, an obiter dictum comment in a 2012 decision of the Supreme Court of Canada (as well as comments made in a number of subsequent decisions of the Federal Court of Appeal and Federal Court) at least suggests that the presumed basis for a heightened disclosure requirement for sound prediction may be ill-founded.[210]

95 Where a claim is to a class of compounds, the lack of utility in fact of one or more of the compounds will invalidate all the compounds of that claim.[211]

96 The utility in selection patents, namely patents for the selection of one or more members of a previously known class of products that possess some special advantage over the other members of the class, resides in the advantage over the other members of the class. There are no special legal requirements regarding the particular type of advantage that is required and 'utility' can be found in avoiding a disadvantage.[212]

(5.1.5) Double Patenting

97 The term 'double patenting' does not appear in the Canadian *Patent Act*. Double patenting is a common law doctrine devised to prevent the undue extension of the statutory monopoly in a particular patent by means of a series of patents for the same invention, including uninventive additions.[213] The doctrine is applied in situations where the earlier patent is not citable as against the later patent in respect of the issues of anticipation or obviousness.

98 In Canada, the jurisprudence has recognized two categories of double patenting. The first category encompasses two patents that have an identical or conterminous claim or claims. The second category, sometimes referred to as 'obviousness double patenting', relates to where the claims are not identical or conterminous, but are nevertheless not patentably distinct.[214] It is presently debatable whether the doctrine of double patenting applies to patents naming different inventors. However, the court has recognized that the doctrine may not apply when it is inconsistent with the relevant statutory scheme, or where it cannot reasonably be found that there has been an extension of the monopoly granted by the patents (e.g., where the patents name different inventors who were working

---

209 *Safe Gaming System v Atlantic Lottery Corporation*, 2018 FC 542 at Paragraph 132, citing *Eli Lilly Canada Inc v. Hospira Health Care Corporation*, 2016 FC 47 at Paragraphs 46-49, and *Eurocopter v Bell Helicopter Textron Canada Ltée*, 2013 FCA 219 at Paragraphs 152-154.

210 *Teva Canada Ltd v. Pfizer Canada Inc*, 2012 SCC 60 at para. 40, 106 CPR (4th) 161; *Apotex Inc v. Sanofi-Aventis Canada Inc*, 2013 FCA 186 at paras 134–135, 114 CPR (4th) 1; *AstraZeneca Canada Inc v. Apotex Inc*, 2014 FC 638 at para. 141, 129 CPR (4th) 1, aff'd 2015 FCA 158.

211 *Aventis Pharma Inc v. Apotex Inc*, 2006 FCA 64 at para. 26, 46 CPR (4th) 401, leave to appeal to SCC refused, 31414 (3 Aug. 2006)*; Laboratoires Servier v. Apotex Inc*, 2008 FC 825 at para. 270, 67 CPR (4th) 241, aff'd 2009 FCA 222, 75 CPR (4th) 443.

212 *Pfizer Canada Inc v. Canada (Minister of Health)*, 2006 FCA 214 at para. 31, 52 CPR (4th) 241, leave to appeal to SCC refused [2006] SCCA No 335.

213 *Pharmascience Inc v. Sanofi-Aventis Canada Inc*, 2006 FCA 229 at paras 67–73, 53 CPR (4th) 453, leave to appeal to SCC refused, 31640 (19 Apr. 2007).

214 *Commissioner of Patents v. Farbwerke Hoechst A/G*, [1964] SCR 49 at 53, 41 CPR 9 at 13; *Whirlpool Corp v. Camco Inc*, 2000 SCC 67 at paras 63–75, 9 CPR (4th) 129; *Pharmascience Inc v. Sanofi-Aventis Canada Inc*, 2006 FCA 229 at para. 68, 53 CPR (4th) 453, leave to appeal to SCC refused, 31640 (19 Apr. 2007); Mylan Pharmaceuticals ULC v. Eli Lilly Canada Inc, 2016 FCA 119 at para. 42.

independently of each other).[215] It has also been recognized that the doctrine does not apply where the two patents resulted from a divisional application filed as a result of a unity of invention objection raised by the Patent Office.[216]

99 The Federal Court of Appeal has recently clarified the test for obviousness-type double patenting, including distinctions between obviousness-type double-patenting and obviousness[217] In particular, the Court of Appeal noted that while obviousness is directed to the issue of whether an 'invention' exists, obviousness-type double patenting has a different policy justification, namely the prevention of the 'evergreening' of an existing patent through an extension of the monopoly. As a result, two important distinctions between the tests for obviousness and obviousness-type double patenting were identified by the Court, namely:

(1) For obviousness, any piece of prior art, can be cited. In contrast, for obviousness-type double patenting, only the earlier patent can be cited, and any other prior art is only relevant if it forms part of the common general knowledge.
(2) For obviousness, section 28.3(a) of the Patent Act provides that disclosures by the patentee within one year of the filing date cannot be cited as prior art. However, since double patenting is not subject to that section, the earlier patent is citable even if it was published less than a year before the filing date of the challenged patent.[218]

100 The Federal Court of Appeal also commented on the legal test for obviousness-type double patenting. Based upon the established jurisprudence, the Court held that obviousness-type double patenting requires a comparison of the claims of the second patent against the claims of the first patent to determine whether there is an inventive step from the first patent to the second. In addition, the Court of Appeal noted that the rules of claim construction established by the Supreme Court of Canada apply to the analysis, namely that recourse to the specification to construe the claims is not acceptable where the claims are unambiguous.[219]

(5.1.6) Other Validity Attacks

101 The validity of a Canadian patent can be challenged on a number of grounds in addition to novelty, obviousness, utility and double patenting, including sufficiency of the specification,[220] ambiguity of the disclosure or of the claims,[221] claims broader than the invention made or disclosed[222] and incorrect payment of fees.[223] While trial judges of

---

215 *Pharmascience Inc v. Sanofi-Aventis Canada Inc*, 2006 FCA 229 at paras 71–72, 53 CPR (4th) 453, leave to appeal to SCC refused, 31640 (19 Apr. 2007).

216 *Consolboard Inc v. MacMillan Bloedel (Saskatchewan) Ltd*, [1981] 1 SCR 504, 56 CPR (2d) 145 at 168–169.

217 Mylan Pharmaceuticals ULC v. Eli Lilly Canada Inc, 2016 FCA 119.

218 Mylan Pharmaceuticals ULC v. Eli Lilly Canada Inc, 2016 FCA 119 at paras 28–30.

219 Mylan Pharmaceuticals ULC v. Eli Lilly Canada Inc, 2016 FCA 119 at paras 35, 39–41.

220 *Consolboard Inc v. MacMillian Bloedel (Saskatchewan) Ltd*, [1981] 1 SCR 504, 56 CPR (2d) 145; *Pioneer Hi-Bred Ltd v. Canada (Commissioner of Patents)*, [1989] 1 SCR 1623, 25 CPR (3d) 257; *Mobil Oil Corp v. Hercules Canada Inc* (1995), 63 CPR (3d) 473 at 484–486 (FCA); *Teva Canada Ltd v. Pfizer Canada Inc*, 2012 SCC 60; Bombardier Recreational Products Inc v. Artic Cat Inc, 2017 FC 207 at para. 560.

221 *Mobil Oil Corp v. Hercules Canada Inc* (1995), 63 CPR (3d) 473 at 483–484 (FCA).

222 *Farbwerke Hoechst A/G v. Commissioner of Patents*, [1966] Ex CR 91 at 106, 50 CPR 220 at 238, aff'd [1966] SCR 604; *Pfizer Canada Inc v. Apotex Inc*, 2007 FCA 209 at para. 115, 60 CPR (4th) 81, leave to appeal to SCC refused [2007] SCCA No 377.

223 *Dutch Industries Ltd v. Commissioner of Patents*, 2001 FCT 879, 14 CPR (4th) 499, appeal allowed in part 2003 FCA 121, 24 CPR (4th) 157, leave to appeal to SCC refused 20 CPR (4th) vii; *Johnson & Johnson Inc v. Boston*

the Federal Court had previously held that a failure to fully respond to a requisition by the Patent Office within time and in good faith during the prosecution of the patent application rendered an issued patent invalid,[224] the Federal Court of Appeal has overturned these decisions holding that a failure to respond to a requisition in good faith does not provide a basis to invalidate an issued patent.[225] Pursuant to the *Patent Act*, a patent may also be invalidated if any 'material' allegation in the petition is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, provided the omission or addition is wilfully made for the purpose of misleading.[226] However, outside this express provision, there is no US 'duty of candour' type of obligation in Canada upon which a patent could be invalidated.[227]

(5.1.7) Partial Invalidity

102 In Canada, if one or more of the claims of a patent are held to be valid and one or more of the claims are held to be invalid or void, effect is given to the patent as if it contains only the valid claim or claims.[228] In addition, a patentee's dedication of certain claims of a patent to the public does not affect the validity and enforceability of other claims[229] and after the claims have been dedicated, the patent is construed without reference to the dedicated claims.[230] Other proceedings before the Patent Office to vary the scope of the claims of an issued patent (such as re-examination, reissue and disclaimer) and their impact on the patent, are discussed in detail in sections 8.4.1 and 8.4.2 below.[231]

(5.2) RESEARCH EXEMPTION[232]

103 A recent amendment to the *Patent Act* codified jurisprudence that held that experimental use of a patented invention does not constitute infringement in certain circumstances. The provision reads "[a]n act committed for the purpose of

---

Scientific Ltd, 2004 FC 1672, 37 CPR (4th) 385, rev'd in light of legislative amendments regarding small entity fees 2006 FCA 195. However, Small Entity Fee Payment Legislation (Bill C-29, *An Act to Amend the Patent Act*, 1st Sess, 38th Parl, 2005, cl 2 (came into force on 1 Feb. 2006), RSC, c P-4) provides a one-year period from the coming into force date in which to correct an incorrectly paid small entity fee with respect to fees paid prior to the coming into force date. Effective 2 Jun. 2007, the *Patent Rules*, SOR/96-423, were amended to provide the Patent Office with discretion to grant an extension of time for an applicant to pay the proper fee where the small entity fee was paid in good faith and the request for the time extension is filed without undue delay.

224 *Lundbeck Canada Inc v. Ratiopharm Inc*, 2009 FC 1102 at paras 314–352, 79 CPR (4th) 243; *DBC Marine Safety Systems Ltd v. Commissioner of Patents*, 2007 FC 1142, 62 CPR (4th) 279; aff'd 2008 FCA 256, 69 CPR (4th) 189; *GD Searle & Co v. Novopharm Limited*, 2007 FC 81 at paras 59–78, 56 CPR (4th) 1, rev'd on other grounds 2007 FCA 173, 58 CPR (4th) 1, leave to appeal to SCC refused, 32113 (1 Nov. 2007).

225 *Corlac Inc v. Weatherford Canada Ltd*, 2011 FCA 228 at paras 130–151.

226 *Patent Act*, RSC 1985, c P-4, s. 53(1).

227 *Ratiopharm Inc v. Pfizer Ltd*, 2009 FC 711 at para. 197, 76 CPR (4th) 241; aff'd 2010 FCA 204, 87 CPR (4th) 185; *Bourgault Industries Ltd v. Flexi-Coil Ltd* (1998), 80 CPR (3d) 1 at 34–38 (FCTD), aff'd (1999), 86 CPR (3d) 221 at 231–232 (FCA), leave to appeal to SCC refused (2000), 4 CPR (4th) vii.

228 *Patent Act*, RSC 1985, c P-4, s. 58.

229 *Merck & Co v. Apotex Inc*, 2006 FC 524 at paras 164–169, 53 CPR (4th) 1; rev'd on other grounds 2006 FCA 323, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007).

230 *Abbott Laboratories v. Canada (Minister of Health)*, 2010 FCA 168 at para. 39, 85 CPR (4th) 279.

231 Section 8.4.1 – Re-examination and s. 8.4.2 – Reissue and Disclaimer.

232 This section was co-authored by Jeremy E. Want of Smart & Biggar

experimentation relating to the subject-matter of a patent is not an infringement of the patent" and extends to CSPs.[233] The *Patent Act* allows for regulations respecting whether an act was committed for experimentation, but currently, no regulations have been made.[234] The earlier jurisprudence that recognized a common law experimental use exemption held that use of a patented invention in the course of not-for-profit experiments to determine if the patented article can be manufactured in accordance with the patent or improved upon does not constitute infringement.[235]

(5.3) BOLAR EXCEPTION

104 The 'Bolar exemption'[236] is not a term expressly recognized under Canadian patent law. However, section 55.2(1) of the *Patent Act* provides that it is not an infringement to make, construct, use or sell a patented invention solely for uses reasonably related to the development and submission of information required under any law of Canada or any other country that regulates the manufacture, construction, use or sale of the product.[237] This includes activity related to compliance with the Canadian *Food and Drug Regulations*,[238] including obtaining a Notice of Compliance (NOC) from the Minister of National Health and Welfare for the sale of a pharmaceutical product in Canada (discussed in section 8.7.1.8 below),[239] or similar government approval elsewhere.

105 Canadian courts have applied this exemption to the manufacture or use of all samples of a patented product prepared for the purposes set out in section 55.2(1), irrespective of whether or not the samples are ultimately referenced in any submissions,[240] provided the samples were not sold or used for any similar purpose.[241] However, section 55.2(1) requires that the impugned activity to be 'solely' for uses reasonably related to the development and submission of information required under law. Thus, if the impugned activity is also used for other purposes, the exemption in section 55.2(1) may not apply.[242]

106 In addition, former section 55.2(2) of the *Patent Act* had provided that it was not an infringement for those individuals coming within section 55.2(1) to manufacture and stockpile articles intended for sale after the date on which the term of the patent expired.[243]

---

233 *Patent Act*, RSC 1985, c P-4, s. 55.3(1).

234 *Patent Act*, RSC 1985, c P-4, s. 55.3(2).

235 *Micro Chemicals Ltd v. Smith, Kline & French Inter-American Corp* (1971), [1972] SCR 506 at 520, 2 CPR (2d) 193 at 203; *Merck & Co v. Apotex Inc*, 2006 FC 524 at paras 159-163, 53 CPR (4th) 1, rev'd on other grounds, but aff'd on this issue 2006 FCA 323 at paras 105-113, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007).

236 Named after the United States decision in *Roche Products v. Bolar Pharmaceutical*, 733 F (2d) 858 (Fed Cir 1984).

237 *Patent Act*, RSC 1985, c P-4, s. 55.2(1).

238 *Food and Drug Regulations*, CRC, c 870.

239 Section 8.7.1.8 – Notice of Compliance Regulations for Patented Medicines.

240 *Merck & Co v. Apotex Inc*, 2006 FC 524 at paras 153–158, 53 CPR (4th) 1, rev'd on other grounds, but aff'd on this issue 2006 FCA 323 at paras 98–104, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007); *Laboratoires Servier v. Apotex Inc*, 2008 FC 825 at paras 161–168, 67 CPR (4th) 241, aff'd 2009 FCA 222, 75 CPR (4th) 443, leave to appeal to SCC refused, 33357 (25 Mar. 2010).

241 *Eli Lilly & Co v. Apotex Inc*, 2009 FC 991 at paras 342–346, 80 CPR (4th) 1, aff'd 2010 FCA 240, 90 CPR (4th) 327, leave to appeal to SCC refused, 33946 (5 May 2011).

242 *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2012 FC 113 at paras 265–268, aff'd 2013 FCA 219.

243 *Patent Act*, RSC 1985, c P-4, s. 55.2(2), as repealed by *An Act to amend the Patent Act*, SC 2001, c 10, s. 2(1).

The former *Manufacturing and Storage of Patented Medicines Regulations* [244] provided a six-month period prior to the expiry of the patent in which the manufacture could take place.

107 Section 55.2(1) and 55.2(2) of the Canadian *Patent Act* were both challenged by the European Community and others before the WTO. The WTO upheld the exception to infringement provided by section 55.2(1) of the *Act*, but ruled that section 55.2(2) was inconsistent with Canada's obligations under the WTO Agreement on Trade-Related aspects of Intellectual Property Rights (TRIPS) agreement.[245] As a result, section 55.2(2) of the *Patent Act* was repealed effective 12 July 2001.[246]

(5.4) LICENCE

108 A valid licence granted by the patentee to the defendant to engage in the acts alleged to infringe the patent is a complete defence to an allegation of infringement.[247] The court will interpret the agreement between the parties to determine if it provides the defendant with a licence to engage in the allegedly infringing activities.[248] If it is found that the activities fall within the scope of the licence and that the defendant has complied with all terms of the licence, then the licence will be an absolute defence. On the other hand, a licence agreement will not provide a defence for any dealing with the patented invention that extends beyond the terms of the agreement.[249]

(5.5) COMPULSORY LICENCE

109 Prior to 1993, the *Patent Act* included provisions whereby the Commissioner of Patents could (and typically would) grant a compulsory licence under patents claiming a food or medicine. Generic drug manufacturers primarily relied upon these provisions in order to obtain a compulsory licence with respect to patented pharmaceuticals. This system of compulsory licensing was abolished in 1993.[250] However, a compulsory licence is still a remedy available to the Commissioner of Patents in abuse proceedings discussed in greater detail in section 4.5 above.[251]

(5.6) PRIVATE PRIOR USE

110 Pursuant to recently-amended section 56 of the *Patent Act*,[252] a person who, "before the claim date of a claim in a patent, committed an act or made serious preparations to

---

244 *Manufacturing and Storage of Patented Medicines Regulations*, SOR/93–134, as repealed by SOR/2000-373.

245 WTO, *Canada – Patent Protection of Pharmaceutical Products*, WTO Doc. WT/DS114/R (2000), adopted 7 Apr. 2000.

246 *An Act to amend the Patent Act*, SC 2001, c 10, s. 2(1).

247 A licence which is expired will not provide a defence: *Lubrizol Corp v. Imperial Oil Ltd* (1990), 33 CPR (3d) 1 (FCTD) at 10, rev'd on other grounds, but aff'd on this issue (1992), 45 CPR (3d) 1 at 3 (FCA).

248 *Uview Ultraviolet Systems Inc v. Brasscorp Ltd*, 2009 FC 58, 73 CPR (4th) 161 at paras 147–149.

249 *Canadian Marconi Co v. Nordmende Pheonix Ltd* (1962), 39 CPR 185 at 201, 22 Fox Pat C 176 (Ex Ct); *Micro Chemicals Ltd v. Rhone-Poulenc SA*, [1964] Ex CR 819, 44 CPR 193 at 208, aff'd [1965] SCR 284, 53 CPR 140.

250 *Patent Act*, RSC 1985, c P-4, as amended by SC 1993, c 2, s. 3.

251 Section 4.5 – Antitrust Issues.

252 *Patent Act*, RSC 1985, c P-4, s. 56.

commit an act that would otherwise constitute infringement of the claim will not be liable for infringement of the patent or CSP in question if that person commits the same act on or after the claim date. The new amendment widened the scope of section 56 considerably but has yet to be considered by a court such that the full scope and application of the section is yet to be determined.

The application by courts of previous section 56 may inform how the new section 56 may be interpreted or applied. Previously, section 56 applied to any person who, before the 'relevant date', has purchased, constructed or acquired the subject matter defined by the claim of a patent, permitting that person to use and sell to others the specific article, machine, manufacture or composition of matter so purchased, constructed or acquired, without being liable to the patentee. This exception only applied to the 'specific article, machine, manufacture or composition of matter' previously purchased, constructed or acquired. However, the right to 'use' includes the right to use any form of the invention, including the right to use and sell things produced with or by the specific article.[253] The onus was on the person relying on the exemption provided in previous section 56 to prove the necessary facts.[254]

Accordingly, where a claim was for a product, any otherwise infringing product purchased, constructed or acquired before the 'relevant date' may have been used and sold without liability. This included products that were manufactured outside of Canada and in existence as of the relevant date but brought into Canada after that date, provided the purchaser in Canada was irrevocably bound to purchase the products prior to the relevant date.[255] Products that were ordered prior to the relevant date but not in existence as of the relevant date[256] or that existed as of the relevant date but were not in a deliverable state[257] did not fall within the scope of previous section 56.

111 Where a patent included both apparatus and method claims, a person who, before the relevant date, had purchased, constructed or acquired the patented apparatus that performed the patented method was allowed to continue to freely use the apparatus after the patent had been granted without liability.[258] It remains unclear whether previous section 56 is applicable to a patented 'method' per se used prior to the relevant date.[259]

---

253 *Merck & Co v. Apotex Inc* (1995), 60 CPR (3d) 356 at 364-374 (FCA), leave to appeal to SCC refused (1995), 63 CPR (2d) v. (note).

254 *Merck & Co v. Apotex Inc*, 2006 FC 524 at para. 135, 53 CPR (4th) 1, rev'd on other grounds, 2006 FCA 323, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007).

255 *Lido Industrial Products Ltd v. Teledyne Industries Inc* (1981), 57 CPR (2d) 29 at 54 (FCA), leave to appeal to SCC refused (1981), 59 CPR (2d) 183.

256 *Lido Industrial Products Ltd v. Teledyne Industries Inc* (1981), 57 CPR (2d) 29 at 54 (FCA), leave to appeal to SCC refused (1981), 59 CPR (2d) 183; *Merck & Co v. Apotex Inc* (1995), 60 CPR (3d) 356 at 364-374 (FCA), leave to appeal to SCC refused (1995), 63 CPR (2d) v. (note).

257 *Merck & Co v. Apotex Inc*, 2006 FCA 323 at paras 74-82, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007).

258 *Libbey Owens Ford Glass Co v. Ford Motor Co of Canada, Ltd*, [1970] SCR 833 at 835-842, 62 CPR 223 at 226-232.

259 *Libbey Owens Ford Glass Co v. Ford Motor Co of Canada, Ltd*, [1969] 1 Ex CR 529 at 551-563, 57 CPR 155 at 180-191, aff'd [1970] SCR 833; *Peterson Electronic Die Co Inc v. Plasticoal Inc* (1972), 8 CPR (2d) 222 at 242-245 (FCTD), aff'd (but declaration with respect to s. 56 'deleted' from the trial judgment) (1974), 14 CPR (2d) 48 at 52 (FCA); *Procter & Gamble Co v. Calgon Inter-American Corp* (1981), 56 CPR (2d) 214 at 242-243 (FCTD), aff'd (without comments on this issue); *Beecham Canada Ltd v. Procter & Gamble Co* (1982), 61 CPR (2d) 1 at 23-24 (FCA), leave to appeal to SCC refused (1982), 63 CPR (2d) 260.

(5.7) EXHAUSTION

112 The sale of a patented article to a purchaser is presumed to give the purchaser an implied licence to use, sell or deal with the patented article as he/she pleases. Any restrictive conditions that the patentee wishes to impose upon a purchaser must be brought to the attention of the purchaser when the patented article is acquired. Thus, unless expressly stipulated to the contrary, the licensee (purchaser) is able to pass to subsequent purchasers the right to use, sell or deal with the patented article without liability to the patentee. Further, a limitation imposed upon a licence intended to affect the rights of subsequent purchasers must also be expressed clearly and unambiguously to the subsequent purchasers when the patented article is acquired.[260]

(5.8) FARMER'S PRIVILEGE

113 A farmer's privilege, namely the right to save seeds from crops for future use, is not recognized under Canadian patent law. Additionally, patents on genes or cells can extend to the use thereof in higher life forms such as plants. In particular, the Supreme Court of Canada has held that use of plants containing patented genetically modified genes and cells constitutes an infringement of the patent. Accordingly, a farmer's use of seeds containing patented genetically modified genes or cells to grow plants can constitute patent infringement.[261]

(5.9) FURTHER EXCEPTIONS TO INFRINGEMENT

114 Pursuant to section 19 of the *Patent Act*, the government of Canada or the provincial governments may apply to the Commissioner of Patents to authorize the use of a patented article, but only if the government can show that: (i) it has made efforts to obtain authorization to use from the patentee on reasonable commercial terms and conditions; and (ii) a reasonable period of time has elapsed.[262]

115 Effective 14 May 2005, section 21 of the *Patent Act* permits the Commissioner of Patents to authorize the non-consensual use of patented inventions to manufacture and export pharmaceutical products to certain WTO countries deemed to have public health problems. The drug must be approved by Health Canada, and the patentees would not receive any monetary compensation.[263]

---

260 *Eli Lilly and Co v. Novopharm Ltd*, [1998] 2 SCR 129, 80 CPR (3d) 321 at 363–364.
261 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at paras 59–97, 31 CPR (4th) 161.
262 *Patent Act*, RSC 1985, c P-4, s. 19.
263 *Patent Act*, RSC 1985, c P-4, s. 21.

(6) LICENSING

(6.1) VOLUNTARY LICENCE

116 A Canadian patent may be licensed by way of voluntary licence negotiated between a patentee and a licensee. There are typically three types of voluntary licences which can be granted in respect of Canadian patents, namely:

(1) an exclusive licence: the licensee is given the exclusive right to work the invention in Canada, including to the exclusion of the licensor;
(2) a sole licence: the licensor undertakes not to grant any other licences but retains the right to work the invention; and
(3) a non-exclusive licence: the licensor may grant licences to work the invention to multiple third parties and in addition may also work the invention itself.

117 Where a patent is owned by more than one patentee, consent of each co-owner is required for a licence. As a result, any licence granted in the absence of the consent of all co-owners is invalid, and the patent would be infringed if the licensee attempts to work the patent.[264]

118 A voluntary licence to a Canadian patent does not have to be in writing to be valid and thus can either be express or implied.[265] Where no express licence exists, each case is considered on its facts to determine whether an implied licence exists.[266] By way of example, Canadian courts have implied the existence of a licence from the corporate relationship or practice of the parties.[267] However, the mere existence of a parent-subsidiary relationship does not necessarily constitute sufficient evidence of a licence.[268]

119 Section 50(2) of the *Patent Act* requires that any grant or conveyance of an exclusive right in the patented invention be registered.[269] Although this provision has been interpreted to extend to an exclusive licence, the failure to register the licence is not fatal. Canadian courts have held that failing to register an exclusive licence alone does not render the licence void, since the purpose of registration is to establish priority between different persons who allege to hold an exclusive right in the same patent.[270] In addition, there is no requirement to register a non-exclusive licence pursuant to section 50(2).[271]

---

264 *Forget v. Specialty Tools of Canada Inc* (1993), 48 CPR (3d) 323 at 331 (BCSC), aff'd (1995), 62 CPR (3d) 537 (BCCA).

265 *Rucker Co v. Gavel's Vulcanizing Ltd* (1985), 7 CPR (3d) 294 at 325–326 (FCTD).

266 *Jay-Lor International Inc v. Penta Farm System Ltd*, 2007 FC 358, 59 CPR (4th) 228 at para. 36; *AstraZeneca Canada Inc v. Apotex Inc*, 2014 FC 638 at para. 22, 129 CPR (4th) 1, rev'd on different grounds 2017 SCC 36.

267 *Electric Chain Co v. Art Metal Works Inc*, [1933] SCR 581 at 585–586; *Rucker Co v. Gavel's Vulcanizing Ltd* (1985), 7 CPR (3d) 294 at 325–326 (FCTD); *Apotex Inc v. Wellcome Foundation Ltd* (2000), [2001] 1 FC 495, 10 CPR (4th) 65 at paras 96–99 (CA), aff'd 2002 SCC 77, [2002] 4 SCR 153; *Illinois Tool Works Inc v. Cobra Fixations Cie/Cobra Anchors Co*, 2002 FCT 829, 20 CPR (4th) 402 at para. 4 (FCTD), aff'd 2003 FCA 358; *AstraZeneca Canada Inc v. Apotex Inc*, 2014 FC 638 at para. 23, 129 CPR (4th) 1, rev'd on different grounds 2017 SCC 36.

268 *Jay-Lor International Inc v. Penta Farm System Ltd*, 2007 FC 358, 59 CPR (4th) 228 at para. 31.

269 *Patent Act*, RSC 1985, c P-4, s. 50(2).

270 *Apotex Inc v. Wellcome Foundation Ltd* (2000), [2001] 1 FC 495, 10 CPR (4th) 65 at para. 100 (CA), aff'd 2002 SCC 77, [2002] 4 SCR 153.

271 *Pitney Bowes Inc v. Yale Security (Can) Inc* (1987), 15 CPR (3d) 347 at 354 (FCTD), rev'd on other grounds (1987), 29 CPR (3d) 557 (FCA).

A recent amendment to the *Patent Act* mandates that any licensing commitments made in respect of patents essential to an industry standard (so-called Standard Essential Patents) are binding on subsequent patentees. [272] The provision also applies in respect of CSPs. As of yet, the scope of what constitutes a "licensing commitment" or a "standard essential patent" has yet to be determined by regulation.

(6.2) COMPULSORY LICENCE

120 As referenced in section 5.5 above,[273] prior to 1993, the *Patent Act* included provisions whereby the Commissioner of Patents had the discretion to grant a compulsory licence under patents claiming a food or medicine. This system of compulsory licensing was abolished in 1993.[274] However, as discussed in greater detail in section 4.5 above,[275] the Commissioner of Patents may still grant a compulsory licence as a remedy where there has been an abuse of the exclusive rights granted by a patent.

[272] *Patent Act*, RSC 1985, c P-4, s 52.1.
[273] Section 5.5 – Compulsory Licence.
[274] *Patent Act*, RSC 1985, c P-4, as amended by SC 1993, c 2, s. 3.
[275] Section 4.5 – Antitrust Issues.

(7) PATENTS AS PART OF ASSETS

(7.1) ASSIGNMENT

121 The Canadian *Patent Act* provides that the rights to a patent for an invention are assignable, including prior to the filing of a patent application, while the patent application is pending and after the issuance of the patent.[276] Assignment of the rights of a patent can be made either in whole or in part.[277] To be valid, an assignment must be in writing.[278]

122 An assignment of a patent application may be registered with the Patent Office.[279] Once such an assignment is registered, the application cannot thereafter be withdrawn without the written consent of the assignee(s).[280]

123 Registration of an assignment of a patent is governed by section 50(2) of the *Patent Act* which provides 'every assignment of a patent, and every grant and conveyance of any exclusive right to make and use and to grant to others the right to make and use the invention patented, within and throughout Canada or any part thereof, shall be registered in the Patent Office'.[281]

124 Registration of an assignment in Canada provides priority in title. In particular, section 51 of the *Patent Act* provides that an assignment is void against any subsequent assignee unless the assignment is registered before the registration of the instrument under which the subsequent assignee claims.[282] That said, Canadian courts have held that other than the priority set out in section 51, there is no indication that failure to register renders the assignment void for any other purpose.[283]

(7.2) CO-OWNERSHIP

125 In Canada, there are several ways that a patent could be owned by two or more entities. In particular, as referenced in section 2.6 above,[284] joint inventors or their legal representatives become co-owners of the patent that issues for their invention. In addition, as referenced in section 7.1 above,[285] the *Patent Act* specifically provides that the rights of a patent can be assigned either in whole or in part.[286]

126 Where a patent is jointly owned, each owner has full right to make, use or sell the patented invention. A co-owner may also independently assign or bequeath his/her interest

---

276 *Patent Act*, RSC 1985, c P-4, ss 49, 50.
277 *Patent Act*, RSC 1985, c P-4, s. 50(1).
278 *Patent Act*, RSC 1985, c P-4, ss 49(1), 50(1); see also *Patent Rules*, SOR/98-106, rr. 38–41.
279 *Patent Act*, RSC 1985, c P-4, s. 49(2).
280 *Patent Act*, RSC 1985, c P-4, s. 49(2).
281 *Patent Act*, RSC 1985, c P-4, s. 50(2).
282 *Patent Act*, RSC 1985, c P-4, s. 51.
283 For example, see *Apotex Inc v. Wellcome Foundation Ltd* (2000), [2001] 1 FC 495 at para. 100, 10 CPR (4th) 65 (CA), aff'd 2002 SCC 77, 21 CPR (4th) 499; see also Stephen J Perry & T Andrew Currier, *Canadian Patent Law* s. 13.29 (LexisNexis 2012).
284 Section 2.6 – Teamwork.
285 Section 7.1 – Assignment.
286 *Patent Act*, RSC 1985, c P-4, s. 50(1).

to another party without the consent of or accounting to the other co-owner(s).[287] However, a co-owner may not, without the consent of the other co-owner(s), license the patent to a third party, as the effect of such a licence would be to dilute the rights of the other co-owner(s).[288]

(7.3) SURRENDER

127 Although not expressly provided for in the *Patent Act*, the dedication of a patent to public use has been acknowledged by Canadian courts. The dedication is accomplished by a patentee notifying the Patent Office of such intent which results in the Patent Office publishing the dedication.[289] Once dedicated, a patentee's rights in the patent are terminated.[290]

128 A patentee may dedicate all or only some claims of a patent to the public. The Federal Court of Appeal has commented that 'the dedication of a patent to public use is analogous to a gift, in the sense that it is a unilateral act that results in a patent holder voluntarily depriving itself of patent rights' and thus is irrevocable.[291] That said, in the same case the Federal Court of Appeal also held that where a dedication of numerous patents erroneously included a patent not intended to be dedicated, there was no valid dedication of that patent.[292]

(7.4) SECURITY RIGHTS

129 As a personal property right, a patent may be dealt with at law by the patentee in the same manner as any other property, including offering of a patent as collateral.

130 In Canada, security in personal property is within the exclusive jurisdiction of the provincial governments.[293] As such, each province has its own legislation for the registration of a security interest in personal property. While, generally speaking, registration of the security interest is not mandatory, it does provide priority over unregistered interests and subsequently registered interests in respect of that property. In addition, it is also typically recommended that security interests in a patent also be registered with the Canadian Patent Office.

---

287 This form of common ownership is known in Canada as a 'tenancy in common'.

288 *Forget v. Specialty Tools of Canada* (1995), 62 CPR (3d) 537 at paras 17–22 (BCCA).

289 *Parke-Davis Division v. Canada (Minister of Health)*, 2001 FCT 931 at paras 78–79, 14 CPR (4th) 335; rev'd on different grounds 2002 FCA 454, 22 CPR (4th) 417, leave to appeal to SCC refused, 29614 (22 May 2003); Stephen J Perry & T Andrew Currier, *Canadian Patent Law* s. 12.71 (LexisNexis, 2012); Notices are published in the Canadian Patent Office Record, Canadian Intellectual Property Office.

290 *Parke-Davis Division v. Canada (Minister of Health)*, 2002 FCA 454 at para. 85, 22 CPR (4th) 417, leave to appeal to SCC refused, 29614 (22 May 2003); *Merck & Co v. Apotex Inc*, 2006 FC 524 at para. 166, 53 CPR (4th) 1, var'd on other grounds 2006 FCA 323, 55 CPR (4th) 1.

291 *Parke-Davis Division v. Canada (Minister of Health)*, 2002 FCA 454 at para. 85, 22 CPR (4th) 417, leave to appeal to SCC refused, 29614 (22 May 2003).

292 *Parke-Davis Division v. Canada (Minister of Health)*, 2002 FCA 454, 22 CPR (4th) 417, leave to appeal to SCC refused, 29614 (22 May 2003).

293 *Constitution Act, 1867* (UK), 30 & 31 Vict, c 3, reprinted in RSC 1985, App II, No 5, s. 92(13).

(7.5) ATTACHMENT

131 The law concerning seizure of personal property, which includes patents, falls under the exclusive jurisdiction of Canada's provinces. Accordingly, to determine whether a patent can be seized in the forceful execution of a credit, one must consult the various provincial statutes on point. In several provinces, patents are expressly eligible for seizure pursuant to the governing statutes.[294]

[294] See, e.g., *Execution Act*, RSO 1990, c E24, s. 17(1) [Ontario] and *Enforcement of Money Judgments Act*, SS 2010, c E-9.22, ss 2(1)(z)(ii) & 47 [Saskatchewan].

(8) PATENT LITIGATION

(8.1) PLAINTIFF

132 In Canada, an infringer is liable to the patentee and 'all persons claiming under the patentee' for damages sustained by reason of the infringement.[295] However, the patentee must be made a party to a patent infringement proceeding brought by a person claiming under the patentee. That being said, failing to join a patentee at the commencement of an infringement proceeding is not fatal as the patentee can be added as a party after the proceeding has started.[296] Where a patentee refuses to be added as a plaintiff to a proceeding, the jurisprudence in Canada suggests that it is possible to add the patentee as either a defendant[297] or a mis-en-cause/third party.[298]

(8.1.1) Owner

133 As noted above in section 8.1,[299] an infringer is liable to the 'patentee' for damages sustained by reason of the infringement. 'Patentee' is defined in the Canadian *Patent Act* as the person entitled to the benefit of the patent.[300] Accordingly, the initial patent owner, and any person obtaining rights in the patent through a subsequent assignment, has the right to sue for infringement as the 'patentee'.

(8.1.2) Co-owner

134 Where a patent is owned by two or more owners, a co-owner is entitled to sue for infringement, provided that all other co-owners of the patent are also made a party to the infringement proceeding.[301]

(8.1.3) Exclusive Licensee

135 'Persons claiming under the patentee' has been interpreted by Canadian courts as specifically including exclusive licensees.[302]

(8.1.4) Non-exclusive Licensee

136 'Persons claiming under the patentee' has been interpreted by Canadian courts as specifically including non-exclusive licensees.[303]

---

295 *Patent Act*, RSC 1985, c P-4, s. 55(1), 55(2).

296 *American Cyanamid Co v. Novopharm Ltd* (1971), 3 CPR (2d) 206 at 209 (FCTD).

297 *American Cyanamid Co v. Novopharm Ltd* (1971), 3 CPR (2d) 206 at 211 (FCTD).

298 *Bloc vibre Québec Inc v. Enterprises Arsenault & frères Inc* (1983), 76 CPR (2d) 269 at 275–276 (FCTD); *de Korompay v. Ontario Hydro* (1990), 34 CPR (3d) 168 at 168–169 (FCTD).

299 Section 8.1 – Plaintiff.

300 *Patent Act*, RSC 1985, c P-4, s. 2 definition of 'patentee'.

301 *Patent Act*, RSC 1985, c P-4, s. 55(3).

302 *Armstrong Cork Canada v. Domco Industries Ltd*, [1982] 1 SCR 907; *Signalisation de Montréal Inc v. Services de Béton Universels Ltée* (1992), 46 CPR (3d) 199 (FCA), leave to appeal to SCC refused (1993), 48 CPR (3d) vi (note).

303 *Armstrong Cork Canada v. Domco Industries Ltd*, [1982] 1 SCR 907; *Signalisation de Montréal Inc v. Services de Béton Universels Ltée* (1992), 46 CPR (3d) 199 (FCA), leave to appeal to SCC refused (1993), 48 CPR (3d) vi (note).

(8.1.5) Other

137 'Persons claiming under the patentee' has been interpreted broadly by Canadian courts as any party that can trace an express or implied interest under the patent to the patentee[304] and not only includes exclusive or non-exclusive licensees but also implied licensees and distributors.[305]

(8.2) LIMITATION PERIODS

138 In Canada, remedies are only available for infringing activities that occur within an applicable limitation period prior to the commencement of the action. For new act patents (issued from applications filed on or after 1 October 1989), the *Patent Act* provides a specific limitation period of six years.[306] For old act patents (issued from applications filed prior to 1 October 1989), the limitation period is governed by the relevant legislation in the province in which the infringing activities take place. These limitation periods range from two to six years depending upon the province. If the infringing activities take place in more than one province, a six-year federal limitation period applies.[307]

(8.3) COMPETENT COURT/VENUE[308]

139 Unlike some other jurisdictions, Canada does not have a specialized patent court. In Canada, a patentee can institute an action for patent infringement in either the Federal Court or the appropriate provincial court.[309] However, in practice, most patent infringement actions are brought in the Federal Court given that court's national jurisdiction and experience with patent cases. In addition, the Federal Court has exclusive jurisdiction to expunge a patent (invalidate a patent in rem).[310] As a result, although the Federal Court is not a specialized patent court per se, the court has developed a certain degree of familiarity and experience with respect to patent issues.

(8.3.1) Federal Court and Federal Court of Appeal

140 The Federal Court and Federal Court of Appeal are statutory courts with no inherent jurisdiction and thus, can only entertain proceedings within their statutorily defined jurisdiction. All decisions of the Federal Court can be appealed as of right to the Federal Court of Appeal.

141 As referenced above, the Federal Court has concurrent jurisdiction with provincial courts for patent infringement actions and exclusive jurisdiction to expunge a patent

---

304 *Jay-Lor International Inc v. Penta Farm Systems Ltd*, 2007 FC 358 at para. 36, 59 CPR (4th) 228.

305 *Armstrong Cork Canada v. Domco Industries Ltd*, [1982] 1 SCR 907; *Signalisation de Montréal Inc v. Services de Béton Universels Ltée* (1992), 46 CPR (3d) 199 (FCA), leave to appeal to SCC refused (1993), 48 CPR (3d) vi (note); Hospira Healthcare Corporation v. Kennedy Trust for Rheumatology Research, 2018 FC 259 at paras 32–57; Janssen v. Teva Canada Ltd, 2016 FC 593 at paras 26–68.

306 *Patent Act*, RSC 1985, c P-4, ss 55.01, 78.2.

307 *Federal Courts Act*, RSC 1985, c F-7, s. 39.

308 This section was co-authored by Jeremy E. Want of Smart & Biggar.

309 *Patent Act*, RSC 1985, c P-4, s. 54(1), 54(2).

310 *Patent Act*, RSC 1985, c P-4, s. 60.

(invalidate a patent in rem). Thus, a proceeding to expunge a patent (referred to in some jurisdictions as a nullatory or a declaratory proceeding, but in Canada referred to as an expungement proceeding) must be brought in the Federal Court.[311] The Federal Court also hears appeals from decisions of the Commissioner of Patents as well as NOC proceedings (as described in more detail in section 8.7.1.8 below).[312]

142 Jury trials are not available in the Federal Court. All trials are heard and decided by a judge alone, thereby perhaps alleviating some of the concerns and additional expenses that may be associated with juries. Furthermore, the Federal Court has jurisdiction across the country. As such, a judgment or order obtained from the Federal Court is immediately enforceable in all of Canada's provinces and territories.

143 The Federal Court is a single court, where any of the court's judges may preside over any particular matter anywhere in the country. There are no districts in the Federal Court, and the parties typically do not learn the identity of the trial judge until the eve of trial. As such, in the Federal Court, parties to a patent proceeding generally do not have to be concerned about the tactical step of 'forum shopping'. Whether this amounts to an advantage or disadvantage depends on the circumstances of a particular case. One advantage for patent owners, as a result of the combination of the exclusive jurisdiction of the Federal Court to hear expungement proceedings and the lack of districts in the court, is that cease and desist letters can typically be sent to potential infringers in Canada without the fear of an expungement proceeding being commenced by the alleged infringer in a particular court and/or before a specific judge.

144 Moreover, as the majority of Canada's patent owners are non-Canadian, the Federal Court is accustomed to dealing with foreign parties, thereby alleviating possible concerns of a perceived bias against a foreign litigant. However, if a plaintiff is ordinarily resident outside of Canada, the court may require the plaintiff to give security for the defendant's costs (a payment of money into court) if requested by the defendant.[313] The initial security typically required in a patent proceeding is within the range of CAD 30,000–CAD 50,000, or more. Further security may be required as the proceeding progresses. As a result, the amount of security for costs required can become substantial.[314]

(8.3.2) Provincial Courts

145 Each province in Canada has a court structure that includes both trial and appellate courts. Provincial courts have inherent and statutory jurisdiction.

146 As noted above, provincial courts have concurrent jurisdiction with the Federal Court for patent infringement actions. Thus, an infringement action may be commenced in either court system. However, a provincial court can only determine the validity of the patent as between the parties as a result of the Federal Court's exclusive jurisdiction to expunge a patent.

---

311 *Federal Courts Act*, RSC 1985, c F-7, s. 20.

312 Section 8.7.1.8 – Notice of Compliance Regulations for Patented Medicines.

313 *Federal Courts Rules*, SOR/98-106, r. 416.

314 In one case, the Federal Court ordered a foreign plaintiff to pay approximately CAD 180,000 in security for costs in addition to CAD 30,000 which had already been paid into court to cover actual disbursements and a portion of counsel's fees that had already been incurred in the proceedings: *Richter Gedeon Vegyészeti Gyar Rt v. Merck & Co* (1996), 66 CPR (3d) 36 (FCTD).

147 While a judgment or order of the Federal Court has the advantage of being immediately enforceable throughout Canada, a judgment or order of a provincial court must be recorded in the other provinces or territories to be enforceable therein. Although jury trials are available in most provincial court systems, juries are almost never used in patent infringement actions.

(8.4) PATENT OFFICE

148 Pursuant to the Canadian *Patent Act*, several procedures are available before the Patent Office to challenge or vary the scope of the claims of a patent after the issuance of a patent. These procedures include re-examination, reissue, disclaimer and abuse proceedings.

(8.4.1) Re-examination

149 Pursuant to section 48.1 of the *Patent Act*, any person may request a re-examination of any claim of an issued patent by filing prior art consisting of patents, published applications, and printed publications with the Commissioner of Patents. The request for re-examination must also include written submissions setting forth the pertinency of the prior art and the manner of applying the prior art to the claims in issue. Unless the patentee is the person making the request, the Commissioner forwards a copy of the request to the patentee.[315]

150 A re-examination pursuant to the provisions of the *Patent Act* is a two-stage process.[316] At the first stage, a re-examination board is established and makes a determination as to whether a substantial new question of patentability affecting any claim of the patent in issue has been raised in the request. Where it is determined that a substantial new question of patentability has not been raised, the board will notify the requesting party, and its decision in this regard is final for all purposes and not subject to appeal or review by any court.[317]

151 If it is determined that a substantial new question of patentability has been raised in the request, the second stage of the re-examination process commences. The patentee is notified and is provided three months to file a reply to the notice, setting out submissions on the new question of patentability. In this regard, in any re-examination proceeding, the patentee may propose amendments to the patent or new claims for the patent, but no proposed amendment or new claim enlarging the scope of a claim of the patent is permitted.[318] The re-examination board then renders a decision as to patentability of the claims in issue.[319] The board has the power to cancel any claim it has determined to be unpatentable or incorporate in the patent any proposed amended or new claim submitted by the patentee that is determined to be patentable.[320] The decision of the re-examination board can be appealed to the Federal Court by the patentee where the court will review the

315 *Patent Act*, RSC 1985, c P-4, s. 48.1.

316 *Genencor International Inc v. Canada (Commissioner of Patents)*, 2007 FCA 129 at paras 6–8, 55 CPR (4th) 378, leave to appeal to SCC refused, 32065 (25 Oct. 2007).

317 *Patent Act*, RSC 1985, c P-4, s. 48.2.

318 *Patent Act*, RSC 1985, c P-4, ss 48.2, 48.3(2).

319 *Patent Act*, RSC 1985, c P-4, s. 48.3.

320 *Patent Act*, RSC 1985, c P-4, s. 48.4.

Board's decision on the standard of reasonableness.[321] The requesting party has no right to be part of the second stage of the re-examination process and is not a proper party on any appeals of the re-examination board's decision.[322]

152 The Federal Court has ruled that it has the power to stay a re-examination proceeding when it is in the interest of justice to do so. The granting of a stay is a discretionary decision of the judge and is subject to the same tripartite test for obtaining a stay in a regular proceeding as discussed in section 8.7.4 below.[323] The Federal Court has stayed a re-examination proceeding where:

(a) the request for re-examination was made by a defendant in a pending patent infringement action pertaining to the same patent;
(b) the request was based upon the same prior art asserted by the defendant to invalidate the patent in the pending infringement action; and
(c) there were issues of credibility pertaining to the prior art that could not be assessed by the re-examination board.[324]

(8.4.2) Reissue and Disclaimer

153 Pursuant to section 47 of the *Patent Act*, whenever a patent is deemed defective or inoperative by reason of insufficient description and specification, or by reason of the patentee claiming more or less than the patentee had a right to claim as new, and provided the error arose from inadvertence, accident or mistake, without fraudulent or deceptive intention, the patentee can surrender the patent to the Commissioner of Patents and seek to have a new patent issued correcting the error. The surrender of the original patent must be made within four years of its date of issuance and only takes effect once the new patent issues.[325]

154 The new patent must be for the same invention and is issued for the unexpired term for which the original patent was granted. The new patent has the same effect in law in any action commenced after the reissue as if the amended form of the patent had been originally filed. In addition, insofar as the claims of the original patent and new patent are identical, the new patent constitutes a continuation of the original patent from the date of the original patent and does not affect any action pending at the time of reissue or abate any existing cause of action.[326]

155 In addition, pursuant to section 48 of the *Patent Act*, whenever, by any mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public, a patentee has:

---

321 *Patent Act*, RSC 1985, c P-4, s. 48.5; *Genencor International Inc v. Canada (Commissioner of Patents)*, 2008 FC 608 at para. 48, 66 CPR (4th) 181; *Newco Tank Corp v. Canada (Attorney General)*, 2015 FCA 47 at para. 12, 250 ACWS (3d) 323.

322 *Genencor International Inc v. Canada (Commissioner of Patents)*, 2006 FC 1021, 52 CPR (4th) 367, aff'd 2007 FCA 129, 55 CPR (4th) 378, leave to appeal to SCC refused, 32065 (25 Oct. 2007).

323 *Federal Courts Act*, RSC 1985, c F-7, s. 50(1); *Prenbec Equipment Inc v. Timberblade Inc*, 2010 FC 23 at para. 26, 80 CPR (4th) 373; s. 8.7.4 – Suspension of Proceedings. See also Camso Inc c. Soucy International Inc, 2016 FC 1116 at paras 18–19.

324 *Prenbec Equipment Inc v. Timberblade Inc*, 2010 FC 23 at para. 26, 80 CPR (4th) 373.

325 *Patent Act*, RSC 1985, c P-4, s. 47.

326 *Patent Act*, RSC 1985, c P-4, s. 47.

(a) claimed more than was invented; or
(b) claimed any material or substantial part of the invention to which the patentee had no lawful right,
(c) the patentee may make a disclaimer of such parts.[327]

156 In contrast to reissue, a disclaimer can only narrow the claims of a patent (not broaden them)[328] and does not permit the introduction of new inventive elements to the claimed invention.[329] Once the disclaimer is made, the patent is valid for such material and part of the patent that is not disclaimed.[330] In addition, the disclaimer also does not affect any action pending at the time when it is made, unless there is unreasonable neglect or delay in making it.[331]

157 The Patent Office has no discretion to refuse a disclaimer and thus has a duty to enter the disclaimer on the public record when filed by the patentee.[332] However, if the validity of the disclaimer is contested in subsequent litigation, the propriety of the disclaimer may be reviewed by the court and the onus of showing the propriety and validity of the disclaimer is on the patentee. As such, the patentee must be able to demonstrate to the court that the disclaimer was made in good faith and not for an improper purpose, and the fact that the Patent Office had accepted a disclaimer is not determinative. Where the patentee does not discharge this burden, the disclaimer will be held to be invalid.[333]

158 The disclaimer procedure under section 48 is regarded by the Courts as a general admission against interest made by the patentee that the claims of the original patent were overly broad and therefore invalid. Accordingly, the patentee cannot return to the original claims if the disclaimer is subsequently found to be invalid.[334]

(8.5) PROVISIONAL MEASURES

(8.5.1) Attachment

(8.5.1.1) General Comments

159 Assets of the defendant or articles and documents relating to an infringement are preserved in Canada through a *Mareva* injunction or *Anton Piller* order respectively. Typically, as a condition for the granting of either of these remedies, the court will require the patentee to provide an undertaking to pay any damages suffered by the defendant as a result of the order if the patentee is unsuccessful at trial.

---

327 *Patent Act*, RSC 1985, c P-4, s. 48.
328 *Herchkovitz v. Tyco Safety Products Canada Ltd*, 2010 FCA 190 at para. 3, 89 CPR (4th) 101.
329 *Herchkovitz v. Tyco Safety Products Canada Ltd*, 2009 FC 256 at paras 76, 81, 73 CPR (4th) 331, aff'd 2010 FCA 190, 89 CPR (4th) 101.
330 *Patent Act*, RSC 1985, c P-4, s. 48(6).
331 *Patent Act*, RSC 1985, c P-4, s. 48(4).
332 *Richards Packaging Inc v. Canada (Attorney General)*, 2007 FC 11, 59 CPR (4th) 84, aff'd 2008 FCA 4, 66 CPR (4th) 1.
333 *Herchkovitz v. Tyco Safety Products Canada Ltd*, 2009 FC 256 at para. 79, 73 CPR (4th) 331, aff'd 2010 FCA 190, 89 CPR (4th) 101.
334 *Herchkovitz v. Tyco Safety Products Canada Ltd*, 2009 FC 256 at paras 93–96, 73 CPR (4th) 331, aff'd 2010 FCA 190 at paras 46–47, 89 CPR (4th) 101.

(8.5.1.2) Assets

160 In Canada, a *Mareva* injunction may be obtained to freeze the assets of a defendant that are within the jurisdiction of the court. Such an injunction is available if there is a clear danger that the assets will be removed from the jurisdiction prior to trial, thus frustrating a potential claim of the patentee. A *Mareva* injunction is obtained on an interlocutory motion to the court.

(8.5.1.3) Evidence

161 In Canada, preservation orders permitting the seizure of articles and documents in advance of trial are obtained by way of an *Anton Piller* [335] order issued from the court. An *Anton Piller* order allows a patent owner in times of urgency to inspect and seize articles and documents related to an alleged infringement. Such an order is obtained by way of an interlocutory motion in which the patentee must present, *inter alia*, clear evidence that the defendant possesses relevant articles, documents or other evidence and that there is a real possibility that such material may be destroyed before an application *inter partes* can be made.[336]

(8.5.2) Preliminary Injunction Proceedings

162 In Canada, preliminary injunctions (referred to as interim or interlocutory injunctions) can be sought on an interlocutory motion, which typically proceeds on affidavit and other documentary evidences, and is heard by a judge.[337]

163 In the past, plaintiffs frequently sought preliminary injunctions in Canadian patent infringement actions. However, more recently, this remedy is less routinely sought in patent actions as it is considered by Canadian courts to be an extraordinary equitable remedy and has been granted only in exceptional circumstances.[338]

164 In Canada, a tripartite test must be satisfied to succeed on a motion for a preliminary injunction, namely:

(1) on the basis of a preliminary assessment of the merits of the case, is there a serious question to be tried;
(2) would the plaintiff suffer irreparable harm if the application is refused; and
(3) considering all of the circumstances, does the balance of convenience favour the granting of an injunction.[339]

---

335 An *Anton Piller* order takes its name from the case of *Anton Piller KG v. Manufacturing Processes Ltd*, [1976] 1 All ER 779 (CA).

336 *Nintendo of America Inc v. Coinex Video Games Inc* (1982), 69 CPR (2d) 122 at 129 (FCA).

337 *Federal Courts Rules*, SOR/98-106, rr. 373, 374.

338 *Beamscope Canada Inc v. 2439-0692 Quebec Inc* (1991), 36 CPR (3d) 1 at 6–7 (FCTD), where the Associate Chief Justice of the Federal Court stated:The injunctive remedy is exceptional in nature in that the applicant seeks the intervention of the court to redress an alleged wrong before trial of the action. The court must, therefore, be satisfied that a proper case exists before it will exercise its discretion to grant this extraordinary remedy. It should be reserved for situations in which the merits are clear and the risk of harm is great and imminent. See also: *Turbo Resources Ltd v. Petro Canada Inc* (1989), 24 CPR (3d) 1 at 22–23 (FCA); *Les Fourgons Transit Inc v. Les Fourgons Ramco Inc* (1989), 26 CPR (3d) 565 at 567 (FCTD); *Thermolec, Ltée c. Stelpro Design Inc*, 2018 QCCS 901 at paras 52-84.

339 *RJR-Macdonald Inc v. Canada (Attorney General)*, [1994] 1 SCR 311 at 334–347.

165 The second element of the test, namely irreparable harm, can be particularly difficult to establish in the context of patent litigation. The term 'irreparable' refers to the nature of the harm itself, as opposed to the magnitude of the harm. It is harm which either cannot be quantified in monetary terms or which cannot be cured, for example, because one party cannot collect damages from the other.[340] In addition, evidence of irreparable harm must be clear and non-speculative.[341] Canadian courts have demonstrated a more flexible approach to the requirement that irreparable harm must be established by 'clear evidence' when a preliminary injunction is sought on a *quia timet* basis. As there can be no evidence of actual harm because the defendant has not yet entered the marketplace, the evidence relating to loss resulting in irreparable harm must, of necessity, be inferred.[342] Nonetheless, there must be evidence upon which reasonable and logical inferences of irreparable harm can be made.[343]

166 In patent proceedings, courts have commented that the irreparable harm element of the test is often difficult to satisfy because in most instances an award of damages could likely adequately compensate any loss sustained prior to trial.[344] Despite these difficulties, examples of irreparable harm found by Canadian courts have included:

- permanent loss of market share;
- negative impact on the reputation of the moving party;
- permanent loss of goodwill;
- loss of licensing opportunities;
- loss of distributors;
- products will no longer be saleable or will be spoiled and useless; and
- inability of defendant to pay a potential damage award.

(8.5.2.1) Ex Parte Proceedings

167 In Canada, if notice of a motion is not possible, or if notice would defeat the purpose of the motion, a judge may grant an interim injunction on an ex parte motion for a period of up to fourteen days.[345] A motion may be brought to extend an interim injunction that was granted on an ex parte motion only on notice to every party affected by the injunction, unless the moving party can demonstrate that a party has been evading service or that there are other sufficient reasons to extend the interim injunction without notice to the party.[346] Where a subsequent motion to extend an interim injunction is brought ex parte, the extension may be granted for a further period of not more than fourteen days.[347]

---

340 *RJR-Macdonald Inc v. Canada (Attorney General)*, [1994] 1 SCR 311 at 340–342.

341 *Imperial Chemical Industries PLC v. Apotex Inc* (1989), 27 CPR (3d) 345 at 351 (FCA); *Centre Ice Ltd v. National Hockey League* (1994), 53 CPR (3d) 34 at 46 (FCA).

342 *Ciba-Geigy Canada Ltd v. Novopharm Ltd* (1994), 56 CPR (3d) 289 at 325–326 (FCTD); *826129 Ontario Inc v. Sony Kabushiki Kaisha* (1995), 65 CPR (3d) 171 at 183–184 (FCTD).

343 *Norigen Communications Inc v. Ontario Hydro Energy Inc* (2000), 8 CPR (4th) 435 at 447 (Ont Sup Ct J).

344 *Cutter Ltd v. Baxter Travenol Laboratories of Canada, Ltd* (1980), 47 CPR (2d) 53 at 55–56 (FCA), leave to appeal to SCC refused (1980), 47 CPR (2d) 249.

345 *Federal Court Rules*, SOR/98-106, r. 374(1).

346 *Federal Court Rules*, SOR/98-106, r. 374(2).

347 *Federal Court Rules*, SOR/98-106, r. 374(3).

(8.5.2.2) Inter Partes Proceedings

168 An interim or interlocutory injunction is obtained by a motion to the court.[348] In most cases, such a motion for an interlocutory injunction is brought with notice after the commencement of a proceeding (although it may be brought prior to the commencement of a proceeding in a case of urgency).[349] The motion can be brought on any regular motion day of the court (varies from city to city) unless the proceeding is case managed or the duration of the motion is over two hours. In such circumstances, directions from the court must be obtained.

169 The moving party's motion materials include a Notice of Motion setting out the relief sought and the grounds of the motion along with affidavits and a list of the documents or other material that will be used at the hearing.[350] Typically, the moving party's motion materials must be filed and served at least three days before the day set out in the notice for the hearing of the motion.[351] The respondent to a motion must serve and file the respondent's motion materials by 2:00 p.m. on the day that is two days before the day fixed for the hearing of the motion.[352]

(8.6) EVIDENCE

170 In Canada, evidence is typically submitted at trial by viva voce testimony of witnesses, by the admission of documents, or by reading in the testimony of an adverse party on oral discovery. Evidence is generally admitted if it is relevant to an issue in the proceeding unless the evidence is inadmissible pursuant to a specific legal doctrine (e.g., the rule against hearsay). A party admitting a document into evidence must also establish that the document is authentic, unless an agreement between the parties is reached. A document is usually not admissible unless it was produced to all adverse parties prior to trial and the adverse parties had an opportunity to conduct oral discovery on the document.

171 The evidence of viva voce witnesses is usually categorized as either fact or expert evidence. Fact witnesses may testify as to facts within their knowledge but cannot offer opinions. Witnesses who are properly qualified and accepted by the court as an expert are permitted to give opinions on facts (proven or hypothetical). A witness' evidence is presented by way of examination-in-chief, cross-examination and re-examination. Leading questions are not permitted during examination-in-chief or on re-examination. The scope of cross-examination is not limited to the evidence tendered during examination-in-chief. Questions on cross-examination can be directed to the credibility of the witness or any other fact relevant to the case as a whole. Re-examination is limited to issues that arose during cross-examination. Evidence that could have been introduced during examination-in-chief cannot be presented on re-examination.

172 Generally, in Canada a party asserting a fact or right bears the burden of proof in respect thereof. Accordingly, a patentee has the onus of establishing infringement in a patent infringement action. Similarly, if the validity of a patent is challenged, the onus is on

348 *Federal Court Rules*, SOR/98-106, r. 373(1).
349 *Federal Court Rules*, SOR/98-106, r. 372(1).
350 *Federal Court Rules*, SOR/98-106, rr. 359, 363.
351 *Federal Court Rules*, SOR/98-106, rr. 362(1), 364.
352 *Federal Court Rules*, SOR/98-106, r. 365(1).

the party seeking to invalidate the patent. In patent cases, as with all civil cases, the burden of proof is a 'balance of probabilities'.

173 In some instances, the burden of proof is shifted by statute or at common law. For example, pursuant to section 55.1 of the *Patent Act*, in an action for infringement of a patent granted for a process for obtaining a new product, any product that is the same as the new product shall, in the absence of proof to the contrary, be considered to have been produced by the patented process.[353]

(8.6.1) Preservation/Seizure of Evidence

174 As discussed in detail in section 8.5.1 above,[354] assets of a defendant or articles and documents relating to an infringement may be preserved in Canada through a *Mareva* injunction (freezing of assets) or an *Anton Piller* order (seizure and preservation of evidence). Typically, as a condition for the granting of either of these remedies, the court will require the patentee to provide an undertaking to pay any damages suffered by the defendant in the event that the order turns out to be unwarranted or wrongfully executed.[355]

(8.6.2) Gathering Evidence

175 In Canada, evidence relevant to patent proceeding is obtained through the discovery process, which includes both documentary discovery and oral discovery. The scope of discovery in Canada is defined by the unadmitted allegations of fact in the pleadings. The test for relevancy is whether the information sought might fairly lead to a relevant chain of inquiry which would either directly or indirectly enable a party to advance its own case or to damage the case of its adversary.[356] The *Federal Courts Rules* also include a definition of a 'relevant' document as any document that the party intends to rely upon or that tends to adversely affect the party's case or support another party's case.[357]

176 The first step in the discovery process is for each party to list all documents in its possession, power or control that may be relevant to any issue in the action, including documents for which privilege is claimed. All non-privileged documents must be produced to all adverse parties for inspection and copying whereas privileged documents need not be produced. Typically, copies of non-privileged documents are simply provided to an adverse party upon request.[358] Pursuant to the *Federal Courts Rules*, the list of documents is by way of an affidavit sworn by the party or a representative of the party.[359] These affidavits are exchanged by the parties within thirty days of the close of pleadings, although, typically, this time is extended as is necessary on consent of the parties.

177 At the conclusion of documentary discovery, each party is permitted to conduct an oral examination of a single representative of each adverse party. Unless otherwise ordered by the court, each party chooses its own representative.[360] The representative must answer

353 *Patent Act*, RSC 1985, c P-4, s. 55.1.
354 Section 8.5.1 – Attachment.
355 *Celanese Canada Inc v. Murray Demolition Corp*, 2006 SCC 36 at para. 40, [2006] 2 SCR 189.
356 *Compagnie Financiere et Commerciale du Pacifique v. Peruvian Guano Co* (1882), 11 QBD 55 at 63 (CA).
357 *Federal Courts Rules*, SOR/98-106, r. 222(2).
358 *Federal Courts Rules*, SOR/98-106, r. 228.
359 *Federal Courts Rules*, SOR/98-106, r. 223.
360 *Federal Courts Rules*, SOR/98-106, r. 237.

any question relevant to any unadmitted allegation of fact contained in the pleadings.[361] The questions must be answered based on the information of the company, not just the personal knowledge of the representative. Accordingly, a representative must make all reasonable inquiries of others within the company to obtain relevant information requested on discovery.[362] As discussed below, the transcript of the examination of an adverse party can be read in as evidence at trial.[363]

178 A party adverse to the patentee is also permitted to examine any assignor of the patent.[364] As such, named inventors are typically discovered. Although the transcript of the discovery of an assignor cannot be entered into evidence without leave of the Court, it can be used for the purposes of cross-examination at trial if the assignor is called as a witness. If the assignor is resident in a foreign jurisdiction and is not an employee of a party, the Federal Court will not issue an order compelling the assignor's attendance for discovery unless an international convention exists which makes it likely that an order compelling the assignor to submit to discovery would be enforced.[365]

179 During an oral examination for discovery, a question may be refused by counsel on the basis of, *inter alia*, relevance or form. In such circumstances, the party being examined need not answer the question. As a result, interlocutory motions to compel answers to outstanding questions typically follow oral examinations. Answers to questions ordered by the court are subsequently provided in writing or in person at a further oral examination.

180 Oral and documentary discovery of non-parties is available but is only permitted by order of the court or on consent. Indeed, such orders are difficult to obtain absent consent as the requesting party must establish that it cannot obtain the evidence from any of the parties to the action and that it is unfair for the requesting party to proceed to trial without the evidence.[366]

(8.6.3) Experts

181 Expert evidence is admissible in a patent proceeding in Canada. If a party intends to call an expert witness to give evidence at trial, the party is required to produce an expert report setting out that evidence in advance of trial. The timing for production of the expert reports and responses thereto is governed by the court rules. Typically, an expert report is provided by way of an affidavit signed by the expert. Generally speaking, the trial is the first opportunity for a party to cross-examine an expert, as there is no pre-trial discovery of an expert witness.

182 Pursuant to the *Federal Courts Rules*, the court has the discretion to require that some or all of the expert witnesses testify at trial as a panel (colloquially referred to as 'hot-tubbing').[367] Pursuant to this procedure, expert witnesses provide their testimony in the presence of the panel and may be directed to comment on the views of the other panel members.[368] On completion of the testimony of the panel, the panel members may be

361 *Federal Courts Rules*, SOR/98-106, r. 240.
362 *Federal Courts Rules*, SOR/98-106, r. 241.
363 *Federal Courts Rules*, SOR/98-106, rr. 234–248, 288.
364 *Federal Courts Rules*, SOR/98-106, r. 237(4).
365 *Merck & Co v. Richter Gedeon Vegyészeti Gyar RT* (1995), 62 CPR (3d) 137 at 143, 148–153 (FCA).
366 *Federal Courts Rules*, SOR/98-106, r. 238.
367 *Federal Courts Rules*, SOR/98-106, r. 282.1.
368 *Federal Courts Rules*, SOR/98-106, r. 282.2(1).

cross-examined and re-examined as directed by the court.[369] To-date, the 'hot-tubbing' of experts in a patent proceeding has only been used on a few occasions.

183 As referenced in section 3.4 above, a patent claim is to be construed without an eye to the prior art used to attack the validity of the patent or the allegedly infringing device.[370] In a number of recent cases, judges of the Federal Court have preferred the evidence of experts on issues of construction when they were 'blinded' from the prior art and/or infringing device when they conducted the construction exercise.[371] However, the 'blinding' of an expert is not a legal principle to be applied in all cases, but rather is one of the factors that the court may consider when assessing the weight to be attributed to the evidence[372]

(8.6.4) Inspection

184 Canadian courts have the discretion to order inspection of property in a proceeding. Generally speaking, inspection of property will be ordered where the Court is satisfied that it is necessary or expedient for the purpose of obtaining information or evidence in full, including ordering that a sample of the property be taken, that an inspection of the property be made, or that an experiment be tried on or with the property.[373] The order may also authorize a person to enter any land or building where the property is located; however, if the property is in the possession of a person who is not a party to the action, then that person must be personally served with the motion materials.[374]

(8.7) PROCEEDINGS ON THE MERIT[375]

(8.7.1) Infringement Proceedings

(8.7.1.1) Commencement of the Proceeding

185 In Canada, a patent owner can bring an action for infringement of its patent rights.[376] The issues in dispute in a Canadian patent action are defined by the pleadings. In Canada, an action is typically commenced by filing a Statement of Claim setting out the material facts that support the action and the relief claimed.[377] In response to the Statement of

369 *Federal Courts Rules*, SOR/98-106, r. 282.2(2).

370 *Whirlpool Corp v. Camco Inc,* 2000 SCC 67 at para. 49, 9 CPR (4th) 129. However, the Federal Court and Federal Court of Appeal have suggested that, for the purposes of construction, a Court is required to have some understanding of where the disputes between the parties lie. See *Halford v. Seed Hawk Inc*, 2006 FCA 275 at paras 13–16, 54 CPR (4th) 130; *Shire Biochem Inc v. Canada (Minister of Health)*, 2008 FC 538 at para. 22, 67 CPR (4th) 94; Shire Canada Inc v. Apotex Inc, 2016 FC 382 at para. 65.

371 *AstraZeneca Canada Inc v. Apotex Inc*, 2014 FC 638 at para. 321, rev'd on different grounds 2017 SCC 36, 129 CPR (4th) 1; *Teva Canada Innovation v. Apotex Inc*, 2014 FC 1070 at para. 94, 131 CPR (4th) 52; *Eli Lilly Canada v. Apotex,* 2015 FC 875 at para. 166, 132 CPR (4th) 319, aff'd 2016 FCA 267.

372 Shire Canada Inc v. Apotex Inc, 2016 FC 382 at paras 42–48; Gilead Sciences, Inc v. Canada (Minister of Health), 2016 FC 857 at paras 56–60.

373 *Federal Court Rules*, SOR/98-106, r. 249(1).

374 *Federal Court Rules*, SOR/98-106, r. 249(2), (3).

375 Note: The references in this section will be to the rules of the Federal Court. However, generally speaking, the rules of the provincial courts include similar provisions.

376 *Patent Act*, RSC 1985, c P-4, ss 42, 54, 55.

377 *Federal Courts Rules*, SOR/98-106, rr. 171, 182.

Claim, the defendant must serve and file a Statement of Defence.[378] A Reply may be served and filed by the plaintiff in response to the Statement of Defence.[379] In the pleadings subsequent to the Statement of Claim, the party must admit or deny the allegations of material fact set out by the adverse party and plead any additional material facts upon which the party intends to rely on the action.[380]

186 In the Federal Court, the Statement of Claim must be served within sixty days of being filed with the court.[381] The Statement of Defence must be served and filed within thirty days of service of the Statement of Claim if the defendant is served in Canada, forty days if served in the United States and sixty days if served outside Canada and the United States.[382] The Reply must be served and filed within ten days of service of the Statement of Defence.[383] It is common for each of these time limits to be extended as is reasonably necessary on consent of the parties or order of the court.

187 The pleadings in a Canadian patent action may also include:

(a) a counterclaim wherein a defendant makes a claim against the plaintiff[384] and possibly, a third party;[385]
(b) a third-party claim wherein a defendant makes a claim against a third party;[386] and
(c) a cross-claim wherein a defendant makes a claim against a co-defendant.[387]

188 All pleadings must contain a concise statement of the material facts on which the party relies, but not evidence by which those facts are to be proved.[388] If a pleading does not contain sufficient material facts, an adverse party may bring a motion to compel further 'particulars' of the allegations contained in the pleading.[389] In addition, a pleading that either:

(a) discloses no reasonable cause of action or defence;
(b) is immaterial or redundant;
(c) is scandalous, frivolous or vexatious;
(d) may prejudice or delay the fair trial of the action;
(e) constitutes a departure from a previous pleading; or
(f) is otherwise an abuse of the process of the court, can typically be struck upon an interlocutory motion to the court.[390]

---

378 *Federal Courts Rules*, SOR/98-106, r. 171.
379 *Federal Courts Rules*, SOR/98-106, r. 171.
380 *Federal Courts Rules*, SOR/98-106, r. 183.
381 *Federal Courts Rules*, SOR/98-106, r. 203.
382 *Federal Courts Rules*, SOR/98-106, r. 204.
383 *Federal Courts Rules*, SOR/98-106, r. 205.
384 *Federal Courts Rules*, SOR/98-106, rr. 171, 189–192.
385 *Federal Courts Rules*, SOR/98-106, r. 191.
386 *Federal Courts Rules*, SOR/98-106, rr. 171, 193–199.
387 In the Federal Court, a cross-claim is treated as a third-party claim (*Federal Courts Rules*, SOR/98-106, rr. 171, 193–199). Several provincial court systems provide for cross-claims separate and distinct from third-party claims.
388 *Federal Courts Rules*, SOR/98-106, r. 174.
389 *Federal Courts Rules*, SOR/98-106, r. 181.
390 *Federal Courts Rules*, SOR/98-106, r. 221.

(8.7.1.2) Default Judgment

189 Where a defendant fails to serve and file a Statement of Defence within the time specified by the court rules, a plaintiff may bring a motion for default judgment against the defendant.[391] In the Federal Court, on a motion for default judgment, a plaintiff must establish its entitlement to the relief claimed by way of affidavit or other admissible documentary evidences.[392]

(8.7.1.3) Confidentiality Orders

190 As a result of the broad discovery rules in Canada, many litigants are concerned about disclosure of confidential business information or trade secrets. As such, parties in patent proceedings often obtain orders to protect such information (referred to as 'confidentiality' or 'protective' orders). The protection provided by these orders can range from preventing third-party disclosure to preventing disclosure of specified information or documents by a solicitor to their client. Litigants in Canada are also subject to an implied undertaking to use information or documentation obtained through the discovery process only for the purposes of the litigation in which it is obtained. As such, without consent or a court order, such information or documents cannot be used for any other purpose, including for other litigation in Canada or elsewhere. Indeed, breach of the implied undertaking may provide a basis for a finding of contempt of court against the breaching party and its solicitors.[393] Recently, the Federal Court has in some cases refused to grant protective orders in situations where filing confidential information with the Court is not at issue. Where the protective measures solely concern the exchange of information as between the parties, an agreement between them supplemented by an express undertaking to the Court has been deemed in some cases to be equally effective, thus rendering an order unnecessary. [394] However, the issue remains divided at the Federal Court level, and two 2019 decisions permitted the issuance of protective orders.[395]

(8.7.1.4) Bifurcation of Issues

191 Pursuant to the *Federal Courts Rules*, the court may, at any time, order the trial of an issue, or that issues in a proceeding be determined separately.[396] Typically, this rule is used to sever or 'bifurcate' issues of damages or accounting of the defendant's profits from the trial of the issues of liability (infringement and validity). The postponement of these issues can reduce the complexity and expense of the initial discoveries and trial and can delay the disclosure of potentially confidential business information (i.e., revenues and expenses). Indeed, these issues will not have to be explored at all if the plaintiff is unsuccessful in establishing liability at the initial trial.

---

391 *Federal Courts Rules*, SOR/98-106, r. 210.

392 *Ragdoll Productions (UK) Ltd v. Jane Doe* (2002), 21 CPR (4th) 213 (FCTD).

393 *Direct Source Special Products Inc v. Sony Music Canada Inc*, 2005 FC 1362, 45 CPR (4th) 50.

394 *Seedlings Life Science Ventures LLC v. Pfizer Canada Inc., 2018 FC 443 (Proth) (rev'd in Seedlings Life Science Ventures LLC v. Pfizer Canada Inc.*, 2018 FC 956); *Canadian National Railway Company v BNSF Railway Company*, 2019 FC 281 (appeal to Federal Court of Appeal, No. A-92-19).

395 *dTechs EPM Ltd v. British Columbia Hydro & Power Authority*, 2019 FC 539; *Paid Search Engine Tools, LLC v. Google Canada Corporation*, 2019 FC 559.

396 *Federal Courts Rules*, SOR/98-106, rr. 107, 153.

(8.7.1.5) Case Management and Mandatory Mediation

192 Most Canadian court systems have adopted some form of case management and mediation system designed to expedite legal proceedings, clear court backlogs and promote settlement. In the Federal Court, time limits for each of the steps in an action are set under the *Federal Courts Rules*. Generally speaking, the parties must comply with these time limits unless otherwise ordered by the court. By way of example, for actions, the rules require the parties to complete all pre-trial procedural steps, including discovery as set out in section 8.6.2 above,[397] and to request a pre-trial conference within 360 days of the commencement of the action, failing which the court will order that the action continue as a specially managed proceeding and appoint a case management judge.[398] In addition, a party may request, or the court may appoint on its own initiative, a case management judge to oversee the progress of a proceeding and to set an appropriate schedule.[399] Indeed, a typical step in any Federal Court patent action is the setting of a schedule for the completion of all interlocutory matters.

193 In 2009, the Federal Court issued a Practice Notice relating to streamlining complex litigation. Pursuant to the Notice, at any point in a case managed proceeding a party may request that a trial date be assigned. Where a party requests a trial date early in the action, the Court will endeavour to have the action tried within two years of its commencement.[400]

194 More recently, in June 2015, the Federal Court issued a further Practice Notice relating to proportionality in complex litigation. The Notice states that the trial judge, working together with the case management judge, will implement procedures such as discovery plans, timetables and joint case management/trial management conferences, with a view to ensuring timely resolution of interlocutory motions and appeals, and that parties and the Federal Court will be ready to proceed on the fixed trial date. The overarching goal of the Notice is to achieve increased proportionality in proceedings before the Federal Court including by, *inter alia*, streamlining and imposing limits on documentary and oral discovery.[401]

195 The *Federal Courts Rules* also include several settlement procedures. For example, settlement discussions between the parties must take place within sixty days after the close of pleadings.[402] Furthermore, prior to obtaining a trial date, a pre-trial conference must be held with the court that will typically include an attempt to settle or narrow the issues for trial.[403] Moreover, a dispute resolution conference may be conducted by order of the court. A dispute resolution conference can take the form of mediation, a neutral evaluation of the proceeding or a mini-trial.[404] Overall, the Federal Court is proactive in encouraging settlement discussions or other alternative dispute resolution procedures, including volunteering its own services as a mediator/arbitrator. Indeed, in the recent Practice Notice referenced above, the Federal Court encourages parties to seek the court's assistance to pursue alternative dispute resolution and indicates that the court will proactively raise

397 Section 8.6.2 – Gathering Evidence.
398 *Federal Courts Rules*, SOR/98-106, r. 380.
399 *Federal Courts Rules*, SOR/98-106, rr. 383–385.
400 Federal Court of Canada, *Notice to the Parties and the Profession – Streamlining Complex Litigation* (1 May 2009).
401 Federal Court of Canada, *Notice to the Parties and the Profession – Case Management: Increased Proportionality in Complex Litigation Before the Federal Court* (24 Jun. 2015).
402 *Federal Courts Rules*, SOR/98-106, r. 257.
403 *Federal Courts Rules*, SOR/98-106, rr. 258–267.
404 *Federal Courts Rules*, SOR/98-106, rr. 386–388.

these alternative dispute resolution options throughout the proceeding.[405] Most provincial court systems in Canada have also adopted systems of case management and alternative dispute resolution.

(8.7.1.6) Summary Judgment/Summary Trial

196 Summary judgment is available in both the federal and most provincial court systems in Canada to resolve proceedings lacking a genuine issue for trial or where the only genuine issue for trial is a question of law.[406]

197 Both the Federal Court and the provincial courts have been reluctant to embrace this procedure to resolve patent cases, largely as a result of their complexity and the typical need for expert evidence. For instance, the Federal Court had held that the 'general rule' is that summary judgment is not proper where the issues before the court involve the infringement or the validity of a patent,[407] particularly where 'technical words' used in the patent claims require interpretation and the assistance of expert evidence.[408] Indeed, the Federal Court of Appeal overturned a decision of the Federal Court granting summary judgment holding that the construction of non-technical terms 'comprising' and 'characterized in that' contained in the claims was inadvisable to resolve on a summary judgment motion.[409]

198 The *Federal Courts Rules* also include summary trial procedure to allow the Federal Court to summarily dispose of actions in a greater range of circumstances than provided under the summary judgment procedure.[410] Pursuant to these rules, where the Court is satisfied that there is sufficient evidence for adjudication, regardless of the amounts involved, the complexities of the issues and the existence of conflicting evidence (including expert evidence), the Court may grant judgment either generally or on an issue, unless the court is of the opinion that it would be unjust to decide the issues on the motion.[411] The Federal Court has held that on a summary trial motion, the following principles apply:

(a) the onus of proof is the same as at trial, that being that the party asserting the claim or defence must prove it on a balance of probabilities;
(b) if the judge can find the facts as he/she would upon a trial, the judge should give judgment, unless to do so would be unjust, regardless of complexity or conflicting evidence; and

---

405 Federal Court of Canada, *Notice to the Parties and the Profession – Case Management: Increased Proportionality in Complex Litigation Before the Federal Court* (24 Jun. 2015).

406 *Federal Courts Rules*, SOR/98-106, r. 215; see also *Federal Courts Rules*, SOR/98-106, r. 220 which permits a party to bring a motion before trial to request that the court determine a question of law, a question as to the admissibility of any document, exhibit or other evidence or questions stated by the parties in the form of a special case.

407 *Norac Systems International Inc v. Elliot*, 1999 CarswellNat 2348 (WL Can) at paras 13–15 (FCTD).

408 *Fox 40 International Inc v. J Hudson & Co (Whistles) Ltd* (1996), 71 CPR (3d) 481 at 497 (FCTD).

409 *Stamicarbon BV v. Urea Casale SA*, 2002 FCA 10 at paras 23–27, 17 CPR (4th) 377, rev'g (2000), 8 CPR (4th) 206, leave to appeal to SCC refused (2002), 303 NR 400 (note). However, the Federal Court and Federal Court of Appeal has recently granted summary judgment: – on the issues of infringement and ambiguity of the claims where the defendant led no expert evidence to dispute the expert evidence of the plaintiff, see *Rachalex Holdings Inc v. W & M Wire & Metal Products Ltd*, 2007 FC 502; and – on the basis of anticipation by a prior sale by the inventor/patentee where there was a clear admission by the inventor/patentee that the article sold was within the scope of the claims in issue, see *Sterling Lumber Co v. Harrison*, 2010 FCA 21.

410 *Federal Courts Rules*, SOR/98-106, r. 216.

411 *Federal Courts Rules*, SOR/98-106, r. 216(6).

(c) in determining whether summary trial is appropriate, the court should consider factors such as the amount involved, the complexity of the matter, its urgency, any prejudice likely to arise by reason of delay, the cost of taking the case forward to a conventional trial in relation to the amount involved, the course of the proceedings and any other matters that arise for consideration.[412]

199 Recently, the Federal Court on a summary trial motion dismissed an action for patent infringement based upon a claim construction and where the parties agreed that such an issue was proper to be determined by way of summary trial.[413]

(8.7.1.7) Accelerated Proceedings (Simplified Actions)

200 In Canada, the Federal Court and most provincial court systems have implemented simplified procedures designed to simplify and expedite the litigation process. However, due to the restrictions on these procedures, they are rarely, if ever, used in patent proceedings. For example, in the Federal Court, the procedure is only available if the claim is exclusively for monetary relief in an amount less than CAD 50,000 or the parties to the action agree or the court orders that the action be conducted as a simplified action.[414]

(8.7.1.8) Patented Medicines (Notice of Compliance) Regulations[415]

201 When the system of compulsory licensing for patented medicines was abolished in 1993, a number of new sections of the *Patent Act* and companion regulations[416] were enacted to provide some assistance to the generic pharmaceutical industry in Canada. These provisions included a regulatory use exemption to patent infringement.[417] To counter-balance that exemption, the *Patented Medicines (Notice of Compliance) Regulations*,[418] known simply as the PMNOC Regulations, were promulgated.

202 Before a drug can be marketed in Canada, regulatory approval in the form of a notice of compliance ('NOC') must be obtained from the Minister of Health.[419] Pursuant to the PMNOC Regulations, a drug manufacturer (a 'first person') may file patent lists with the Minister for inclusion on the 'Patent Register'.[420] Patents are eligible for listing on the Patent Register that contain a claim for the medicinal ingredient, the formulation, the dosage form or the use of the medicinal ingredient.[421] The list may include an expired patent but for which a CSP has taken effect.[422] For each patent or CSP on the list, the first person must include a statement of entitlement to list: namely that the first person either

---

412 *Louis Vuitton Malletier SA v. Singga Enterprises (Canada) Inc*, 2011 FC 776 at paras 92–97; Cascade Corporation v. Kinshofer GmbH, 2016 FC 1117 at para. 35; see also *Wenzel Downhole Tools Ltd v. National-Oilwell Canada Ltd*, 2010 FC 966 at paras 36–38, 87 CPR (4th) 412.

413 Cascade Corporation v. Kinshofer GmbH, 2016 FC 1117.

414 *Federal Courts Rules*, SOR/98-106, r. 292.

415 This section was co-authored by Nancy Pei and Urszula Wojtyra of Smart & Biggar.

416 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended; and the *Manufacturing and Storage of Patented Medicines Regulations*, SOR/93-134, subsequently repealed by SOR/2000-373; see also *Patented Medicines Regulations*, SOR/94-688.

417 *Patent Act*, RSC 1985, c P-4, s. 115(2).

418 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended.

419 *Food and Drugs Act*, RSC 1985, c F-27 and *Food and Drug Regulations*, CRC, c 870, s. C.08.002(1)(b).

420 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 4(1).

421 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 4(2) and s. 4(2.1).

422 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 4(1.1).

owns the patent, has an exclusive licence to the patent or has obtained the consent of the owner to include the patent on the list.[423] The patent list must be submitted at the time of filing a related regulatory submission for the NOC if the patent has issued by that date. If the patent issues based upon an application that has a Canadian filing date that precedes the filing date of the regulatory submission, a patent list may be submitted within thirty days after the issuance of the patent.[424]

203 A 'second person' (e.g., a generic drug or bio similar manufacturer) may file for regulatory approval of a drug on the basis of a comparison to a drug already marketed in Canada under an NOC issued to a first person (the 'reference drug'). If the reference drug has a patent listed on the Patent Register, the second person must, in its submission, either state that it has the consent of the first person, accept that the NOC will not issue until the listed patents expire, or assert in a 'notice of allegation' that:

(a) the statement of entitlement to list of the first person is false;
(b) the patent or CSP is invalid or void;
(c) the patent or CSP is ineligible for inclusion on the register;
(d) the patent or CSP would not be infringed by the second person;
(e) the patent or CSP has expired; or
(f) in the case of a CSP, the CSP cannot take effect.[425]

204 The first person has forty-five days after service of the notice of allegation to bring a proceeding in the Federal Court in relation to the notice of allegation. Historically, the proceeding was a summary application for an order prohibiting the Minister from issuing an NOC to the second person until after the expiration of the listed patent or patents. However, the PMNOC Regulations were recently amended[426] to provide that the first person can bring an action for a declaration that the second person would infringe the patent or CSP.[427] In response to the first person's action, the second person may counterclaim for expungement of the patent or CSP, or for a declaration of non-infringement.[428]

205 The commencement of an action by a first person results in a statutory stay of up to twenty-four months preventing the Minister of Health from issuing the NOC to the second person during the pendency of the action.[429] However, the first person may be liable to the second person for any loss suffered as a result of the delay in NOC issuance if the action is discontinued or dismissed, or a declaration of infringement is overturned on appeal.[430] That said, the first person may renounce the statutory stay and thereby avoid such damages.[431]

---

423 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 4(4)(d).
424 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 4(5), 4(6).
425 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 5, 5(2.1).
426 The amendments to the PMNOC Regulations came into force on 21 Sep. 2017. The new PMNOC Regulations apply to any matter relating to a notice of allegation served on a first person on or after that day. Any matter relating to a notice of allegation served prior to 21 Sep. 2017 is governed by the pre-amended regulations.
427 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 6(1).
428 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 6(3).
429 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 7(1)(d).
430 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, s. 8.
431 *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, as amended, ss 7(5)(b), 7(6) and 8(4).

(8.7.2) Invalidity Proceedings

206 In a patent infringement proceeding, a defendant will typically attack the validity of the patent in defence to an infringement action. As discussed above, only the Federal Court has the jurisdiction to hear an expungement proceeding and declare a patent invalid in rem, although the appropriate provincial court may declare a patent invalid as between the parties.[432] Thus, if the infringement action is brought in the Federal Court, it is typical that the defendant will counterclaim seeking to expunge the patent.

207 The Canadian *Patent Act* also provides a party with the ability to commence an action to expunge a patent[433] or to seek a declaration of non-infringement.[434] Pursuant to the *Patent Act*, in advance of commencing either of these proceedings, the plaintiff must pay into court a security for the patentee's costs.[435] A party seeking to expunge a patent must also establish that they have an 'interest' in the proceeding.[436] However, the threshold of establishing the requisite 'interest' is low and an 'interested party' has been held to have a wide definition, including anyone that is in competition with the patentee or has received a cease and desist letter from the patentee.[437]

(8.7.3) Entitlement Proceedings

208 Pursuant to section 52 of the *Patent Act*, the Federal Court has jurisdiction to order that any entry in the record of the Patent Office relating to the title to a patent be varied or expunged, including to vary the name of the inventor(s) or owner(s) or a patent.[438] Either the Commissioner of Patents or any 'interested' person may apply under section 52 to the Federal Court to amend or expunge any entry in the records of the Patent Office regarding title of a patent.[439] An interested person includes an assignee of a patent.[440]

209 Section 52 does not empower the Federal Court to decide whether:

(i) a patent may issue to a party;[441] or
(ii) a patent application may be reinstated,[442]

as both matters must be first decided by the Commissioner of Patents. In addition, the Federal Court has no jurisdiction to determine the ownership of a patent based primarily on interpretation of contractual documents, because interpreting contracts is solely within

---

432 *Federal Courts Act*, RSC 1985, c F-7, s. 20; *Sno Jet Ltd v. Bombardier Limitée* (1975), 22 CPR (2d) 224 at 228–229 (FCTD).

433 *Patent Act*, RSC 1985, c P-4, s. 60(1).

434 *Patent Act*, RSC 1985, c P-4, s. 60(2).

435 *Patent Act*, RSC 1985, c P-4, s. 60(3).

436 *Patent Act*, RSC 1985, c P-4, s. 60(1).

437 *EI Du Pont de Nemours & Co v. Montecatini-Societa Generale Per L'Industria Mineraria E Chimica* (1966), 49 CPR 209 at 212–218 (Ex Ct), aff'd (1967), 52 CPR 18 (SCC); *Wakefield Properties Corp v. Teknion Furniture Systems Inc* (1992), 44 CPR (3d) 474 at 476–477 (FCTD).

438 *Patent Act*, RSC 1985, c P-4, s. 52; *Camstock Canada v. Electec Ltd* (1991), 38 CPR (3d) 29 at 50 (FCTD). For inventorship, see *Segatoys Co v. Canada (Attorney General)*, 2013 FC 98 at paras 12–13, 225 ACWS (3d) 522. For ownership, see *Micromass UK Ltd v. Canada (Commissioner of Patents)*, 2006 FC 117, 46 CPR (4th) 476 at 479–480.

439 *Patent Act*, RSC 1985, c P-4, s. 52.

440 *Micromass UK Ltd v. Canada (Commissioner of Patents)*, 2006 FC 117, 46 CPR (4th) 476 at 480.

441 *Suncor Energy Inc v. MMD Design & Consultancy Ltd*, 2008 FC 488, 66 CPR (4th) 245 at 254.

442 *Cloutier v. Thibault*, 2014 FC 1135 at para. 22, 252 ACWS (3d) 805.

the jurisdiction of provincial courts.[443] Nevertheless, the fact that a case has contractual aspects does not *ipso facto* mean that it is ultra vires the jurisdiction of the Federal Court. Where the contractual issues are only incidental to the issues of ownership or inventor ship of a patent, the Federal Court has the power to adjudicate pursuant to section 52.[444]

(8.7.4) Suspension of Proceedings

210 In Canada, stays of proceedings are obtained in the same manner as preliminary injunctions and are subject to the same tripartite test as discussed in section 8.5.2 above.[445] Accordingly, for the reasons expressed above, stays are typically difficult to obtain and not routinely sought in Canada.[446]

(8.8) CUSTOMS SEIZURES

211 In Canada, there are no mechanisms to enforce a patentee's rights in a patent through seizures at the border by Canadian customs.

(8.9) REMEDIES

(8.9.1) Injunction

212 As a patent grants a patentee 'the exclusive right, privilege and liberty of making, constructing and using the invention and selling it to others to be used',[447] a successful patentee is typically awarded a permanent injunction restraining the defendant (and persons under its control) from further infringing the patent.[448] Nevertheless, a permanent injunction is an equitable remedy and is subject to the discretion of the Court.[449] A defendant can be found in contempt of court for breach of an injunction irrespective of whether the breach was committed intentionally or unintentionally (although intent may be relevant to the penalty to be imposed as a result of the breach).[450]

(8.9.2) Intermediaries

213 In Canada, there are no express provisions in the *Patent Act* which provide for remedies against 'intermediaries' per se. However, a patent grants a patentee 'the exclusive right, privilege and liberty of making, constructing and using the invention and selling it to

---

443 *RLP Machine & Steel Fabrication Inc v. DiTullio*, 2001 FCT 245, 12 CPR (4th) 15 at 22–23 (FCTD); Salt Canada Inc v. Baker, 2016 FC 830 at para. 26.

444 *Engineering Dynamics Ltd v. Joannou* (1996), 70 CPR (3d) 16 at 19 (FCTD).

445 Section 8.5.2 – Preliminary Injunction Proceedings.

446 *RJR-Macdonald Inc v. Canada (Attorney General)*, [1994] 1 SCR 311 at 334–347.

447 *Patent Act*, RSC 1985, c P-4, s. 42.

448 *Merck & Co v. Apotex Inc* (2000), 5 CPR (4th) 1 at 22 (FCTD), rev'd on other grounds 2003 FCA 234, 25 CPR (4th) 289, leave to appeal to SCC refused, 29909 (4 Mar. 2004); *Patent Act*, RSC 1985, c P-4, s. 57.

449 *Eurocopter v. Bell Helicopter Textron Canada Ltd*, 2012 FC 113 at para. 397, 100 CPR (4th) 87, aff'd on other grounds 2013 FCA 219.

450 *Merck & Co v. Apotex Inc*, 2003 FCA 234 at paras 50–63, 25 CPR (4th) 289 at 312–322 leave to appeal to SCC refused, 29909 (4 Mar. 2004).

others to be used'.[451] Additionally, the Supreme Court of Canada has held that any act in Canada that interferes with, in whole or in part, directly or indirectly, the full enjoyment of the monopoly granted to the patentee during the term of the patent, without the patentee's consent, constitutes an infringement.[452] Therefore, 'intermediaries' may be subject to being found liable for infringement, including, for example, manufacturers, distributors, retailers and customers.

(8.9.3) Right to Information

214 Information relating to the extent of the alleged infringing activities, including the number of products purchased, sold and/or in stock, as well as names and addresses of third parties involved in the manufacture and distribution of infringing products, including manufacturers, distributors and customers, to the extent relevant, is typically obtained through the discovery process referenced above in section 8.6.2 above.[453]

(8.9.4) Corrective Measures (Recall, Destruction, Etc.)

(8.9.4.1) Recall

215 In Canada, there is no authority at law permitting a court to order that a defendant recall infringing products from its customers. However, a patentee could commence an action for patent infringement against a defendant's customers seeking the appropriate remedies (injunction and/or delivery up or destruction of the infringing products).

(8.9.4.2) Destruction of Infringing Articles

216 An order that all infringing articles in the possession of the defendant be either delivered up or destroyed is typically granted in a successful patent infringement action.[454]

(8.9.5) Reasonable Compensation

217 In addition to the remedies of damages or an accounting of profits for infringing acts that occurred after the patent had issued, a defendant is also liable to pay 'reasonable compensation' for any damages sustained as a result of acts after the patent application became open to the inspection of the public and before the grant of the patent that would have constituted an infringement if the patent had been granted.[455] The Federal Court has held that 'reasonable compensation' is not the equivalent of 'damages' awarded for infringement after the date of issuance of a patent and thus, does not include damages on lost sales. While there may be other means to provide 'reasonable compensation', the term would appear to include a 'reasonable royalty'.[456] There is also no cause of action to recover for 'reasonable compensation' until a patent has issued.[457]

---

451 *Patent Act*, RSC 1985, c P-4, s. 42.

452 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at paras 30–58, 31 CPR (4th) 161.

453 Section 8.6.2 – Gathering Evidence.

454 *Baxter Travenol Laboratories of Canada Ltd v. Cutter (Canada) Ltd* (1983), 68 CPR (2d) 179 at 200 (FCA) leave to appeal to SCC refused (1983), 72 CPR (2d) 287; *Merck & Co v. Apotex Inc*, 2006 FCA 323 at paras 117–124, 55 CPR (4th) 1, leave to appeal to SCC refused 31754 (10 May 2007).

455 *Patent Act*, RSC 1985, c P-4, ss 10, 55(1), 55(2).

456 *Jay-Lor International Inc v. Penta Farm Systems Ltd*, 2007 FC 358 at paras 120–123, 59 CPR (4th) 228.

457 *Premier Tech Ltée v. Équipements Tardif Inc* (1993), 48 CPR (3d) 42 at 45 (FCTD).

(8.9.6) Damages

(8.9.6.1) Damages or Accounting of Profits

218 Any person who infringes a patent is liable for all damages sustained by the patentee after the grant of the patent by reason of the infringement.[458] Alternatively, a successful plaintiff may request an accounting of the defendant's profits made as a result of the infringing activity.[459] A successful plaintiff may, with leave of the court, elect between its damages or an accounting of the defendant's profits, which is typically made after discovery on both issues.[460]

219 Damages for infringement of a Canadian patent are calculated based on the underlying principle of restoration by way of compensation, namely to restore the patentee to the position it would have been, had the infringement not occurred. The question to be asked is 'what would have been the plaintiff's position if the defendant had acted properly?'[461]

220 The case law in Canada establishes two mutually exclusive measures of damages, namely the loss of the plaintiff's profits or a reasonable royalty.[462] If the patentee manufactures or sells a product in accordance with the patent, the patentee is entitled to the lost profits for the sales that it would have made but for the presence of the infringing product in the market.[463] However, when the patentee:

(a) does not manufacture or sell a product in accordance with the patent;
(b) normally grants licences under the patent; or
(c) cannot prove the loss of a sale due to the activity of the defendant damages are assessed based on a reasonable royalty that the defendant would have paid had it entered into a legitimate licensing agreement with the patentee.[464]

221 Traditionally, trial judges of the Federal Court have held that the existence or availability to a defendant of a non-infringing alternative is irrelevant in the context of quantifying a plaintiff's damages for patent infringement.[465] However, more recently, the Federal Court of Appeal and Federal Court have held that the availability of a non-infringing alternative is a relevant consideration when assessing damages for patent

---

458 *Patent Act*, RSC 1985, c P-4, s. 55.

459 *Patent Act*, RSC 1985, c P-4, s. 57.

460 The Federal Court of Appeal recently confirmed that the infringer is not entitled to elect between damages and an accounting of profits. This is the right of the patentee: *Apotex Inc v Bayer*, 2018 FCA 32.

461 *JM Voith GmbH v. Beloit Corp* (1993), 47 CPR (3d) 448 at 474–478 (FCTD), rev'd on other grounds (1997), 73 CPR (3d) 321 (FCA); Dow Chemical Company v. Nova Chemicals Corporation, 2017 FC 350 at paras 108–109.

462 *ConsolBoard Inc v. MacMillian Bloedel (Saskatchewan) Ltd* (1982), 63 CPR (2d) 1 at 7 (FCTD), var'd (1983), 74 CPR (2d) 199 (FCA).

463 *Colonial Fastener Co Ltd v. Lightning Fastener Co Ltd*, [1937] SCR 36 at 44–45; *JR Short Milling Co (Canada) Ltd v. Continental Soya Co and George Weston Bread and Cakes, Ltd* (1943), 3 Fox Pat C 18 at 22 (Ex Ct).

464 *Colonial Fastener Co Ltd v. Lightning Fastener Co Ltd*, [1937] SCR 36 at 44–45; *JR Short Milling Co (Canada) Ltd v. Continental Soya Co and George Weston Bread and Cakes, Ltd* (1943), 3 Fox Pat C 18 at 22 (Ex Ct).

465 See: *Jay-Lor International v. Penta Farm Systems*, 2007 FC 358 at paras 113–115, 59 CPR (4th) 228; *Merck & Co v. Apotex Inc*, 2013 FC 751 at paras 57–75, aff'd on other grounds 2015 FCA 171; *Eli Lilly and Co v. Apotex Inc*, 2015 FC 1254, 250 ACWS (3d) 102 (aff'd 2018 FCA 217; application for leave to appeal filed 2019 CarswellNat 1194) at paras 23–57.

infringement.[466] In order to be available as a defence, the non-infringing alternative must be objectively commercially viable and must be lawful.[467]

222 The equitable remedy of an accounting of the defendant's profits is different from the remedy of damages. Compensation under accounting of the defendant's profits is measured by the profits made by the infringer rather than the loss suffered by the patentee.[468] An accounting of the defendant's profits is a discretionary remedy based in equity and thus is subject to all applicable equitable factors. As such, an accounting of profits is not granted as of right simply because the plaintiff elects it.[469] Moreover, Canadian courts have expressed concerns over the difficulties of the remedy[470] and have denied an accounting of profits on that basis.[471]

223 Canadian courts have applied a differential profits approach to the calculation of an accounting of profits.[472] The analysis is as follows:

(a) Is there a causal connection between the profits made and the infringement? If there is none, then there are no profits that require an accounting.[473]
(b) If there is a causal connection, then what were the profits made by the infringer as a result of the infringement? This amount is described as the Gross Profits of Infringement.
(c) Is there a non-infringing option that the infringer could have used?
(d) If there is no non-infringing option, then the Gross Profits of Infringement are to be paid over to the patentee.
(e) If there is a non-infringing option, then what profit would the infringer have made, had he used that option? This amount is described as the Gross Profits of Non-Infringement.
(f) Where there was a non-infringing option available, the amount to be paid over to the patentee is the difference between the Gross Profits of Infringement and the

---

466 *Apotex Inc v. Merck & Co*, 2015 FCA 171 at paras 32, 255 ACWS (3d) 965, leave to appeal to SCC filed (2015); *Airbus Helicopters SAS v. Bell Helicopter Texteron Canada Ltée*, 2017 FC 170 (aff'd 2019 FCA 29) at paras 172-182; AstraZeneca Canada Inc v. Apotex Inc, 2017 FC 726 at paras 7–10.

467 *Apotex v Eli Lilly and Co,* 2018 FCA 217 (application for leave to appeal filed 2019 CarswellNat 1194) at paras 47-53, 55.

468 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at para. 100, 31 CPR (4th) 161; *Teledyne Industries Inc v. Lido Industrial Products Ltd* (1982), 68 CPR (2d) 204 at 208 (FCTD).

469 *Beloit Canada Ltée v. Valmet Oy* (1994), 55 CPR (3d) 433 at 453–55 (FCTD) rev'd on other grounds (1995), 61 CPR (3d) 271, leave to appeal to SCC refused (1996), 64 CPR (3d) vi; *Merck & Co v. Apotex Inc*, 2006 FC 524 at para. 229, 53 CPR (4th) 1, rev'd on other grounds, but aff'd on this issue 2006 FCA 323 at paras 127–133, 55 CPR (4th) 1, leave to appeal to SCC refused, 31754 (10 May 2007).

470 *Beloit Canada Ltée v. Valmet Oy* (1994), 55 CPR (3d) 433 (FCTD) rev'd on other grounds (1995), 61 CPR (3d) 271, leave to appeal to SCC refused (1996), 64 CPR (3d) vi; *Scientific Games Inc v. Pollard Banknote Ltd* (1997), 76 CPR (3d) 22 at 32–34 (FCTD); *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2012 FC 113 at paras 409–416, aff'd 2013 FCA 219.

471 *Apotex Inc v. Wellcome Foundation Ltd* (1998), 79 CPR (3d) 193 at 305–307 (FCTD), rev'd on other grounds (2000), [2001] 1 FC 495, 10 CPR (4th) 65 (CA), aff'd 2002 SCC 77, 21 CPR (4th) 499; *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2012 FC 113 at paras 409–416, aff'd 2013 FCA 219.

472 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at para. 102, 31 CPR (4th) 161; *Monsanto Canada Inc v. Rivett*, 2009 FC 317 at para. 65, aff'd 2010 FCA 207 at para. 14, 87 CPR (4th) 383.

473 *Monsanto Canada Inc v. Schmeiser*, 2004 SCC 34 at paras 101, 103–105, 31 CPR (4th) 161. The Federal Court has recently held that a licensee is not entitled to claim equitable relief in a patent infringement action and thus, is not entitled to an accounting of profits, see *Sanofi-Aventis Canada Inc v. Apotex Inc*, 2007 FC 907 at para. 28, 60 CPR (4th) 278 at 286–287, aff'd 2008 FCA 175.

> Gross Profits of Non-Infringement. This sum is the profit that is directly attributable to and that results from the infringement of the invention.[474]

However, a judge of the Federal Court has recently held that a full cost or absorption approach of calculating an accounting of profits is available in appropriate circumstances.

224 It has also been recently recognized by the Federal Court that the remedies of damages or an accounting of profits can be awarded for activities that occur beyond the expiry of the patent in circumstances where the pre-expiry infringing activities have provided the defendant a 'springboard' into the post-expiry market.[475]

225 Where only a part of a product infringes the patent, the patentee may nevertheless be entitled to damages or profits with respect to the whole product under appropriate circumstances.[476] However, if the sales of the product were as a result of the other features, the damages or profits are apportioned to only those in respect of the infringing part.[477]

226 In practice, as discussed in section 8.7.1.4 above,[478] the issue of damages or accounting of profits is often the subject of a reference after the issue of liability has been determined as a result of the issuance of a bifurcation order.

227 Recently, the Federal Court of Appeal confirmed that compound interest may be granted as a head of damages.[479] However, loss attributable to compound interest will not be presumed and must be proven by the claimant.[480]

(8.9.6.2) Punitive or Exemplary Damages

228 Punitive or exemplary damages are only awarded in Canada, including in patent infringement actions, in exceptional circumstances, namely for high-handed, malicious, arbitrary or highly reprehensible conduct that departs to a marked degree from ordinary standards of decent behaviour.[481] Examples of when such damages may be awarded are where a defendant wilfully disregards an injunction or continues activities after a finding of infringement.[482] While a deliberate appropriation of intellectual property by itself is

---

474 *Monsanto Canada Inc v. Rivett*, 2009 FC 317 at para. 29, aff'd 2010 FCA 207, 87 CPR (4th) 383.

475 Janssen Inc v. Teva Canada Ltd, 2016 FC 593 at paras 109–110; Dow Chemical Company v. Nova Chemicals Corporation, 2017 FC 350 at para. 124.

476 *Colonial Fastener Co Ltd v. Lightning Fastener Co Ltd*, [1937] SCR 36 at 44–45; *Beloit Canada Ltée v. Valmet Oy* (1994), 55 CPR (3d) 433 at 453–458 (FCTD), rev'd on other grounds (1995), 61 CPR (3d) 271, leave to appeal to SCC refused (1996), 64 CPR (3d) vi.

477 *Beloit Canada Ltée v. Valmet Oy* (1994), 55 CPR (3d) 433 at 453–458 (FCTD), rev'd on other grounds (1995), 61 CPR (3d) 271, leave to appeal to SCC refused (1996), 64 CPR (3d) vi.

478 Section 8.7.1.4 – Bifurcation of Issues.

479 *Apotex Inc v Eli Lilly and Company*, 2018 FCA 217 (application for leave to appeal filed 2019 CarswellNat 1194) at paras 144-163.

480 *Ibid* at paras 155-159.

481 *Whiten v. Pilot Insurance Co*, 2002 SCC 18, [2002] 1 SCR 595; *Dimplex North America Ltd v. CFM Corp*, 2006 FC 586 at para. 121, 54 CPR (4th) 435, aff'd 2007 FCA 278, 60 CPR (4th) 277; *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2013 FCA 219 at para. 163.

482 See *Lubrizol Corp v. Imperial Oil Ltd* (1994), 58 CPR (3d) 167 (FCTD) wherein exemplary damages were awarded but the trial level decision was reversed on appeal on the basis that, *inter alia*, an award of exemplary damages was premature as general damages had not yet been assessed by the Trial Judge (1996), 67 CPR (3d) 1 (FCA); *Profekta International Inc v. Lee* (1997), 75 CPR (3d) 369 (FCA) (copyright case); *Apotex Inc v. Merck & Co*, 2002 FCT 626, 19 CPR (4th) 460 (FCTD); *Merck & Co v. Apotex Inc*, 2006 FCA 323 at paras 148–152, 55 CPR (4th) 1 at 45–46, leave to appeal to SCC refused, 31754 (10 May 2007).

typically insufficient for entitlement to punitive or exemplary damages,[483] the Federal Court of Appeal has held that where a person infringes a patent which it knows to be valid, appropriates the invention as its own, and markets it as its own knowing this to be untrue, punitive damages may be awarded where an accounting for profits or compensatory damages would be inadequate to achieve the objectives of retribution, deterrence and denunciation of such conduct.[484]

(8.9.6.3) Pre-and Post-judgment Interest

229 Generally speaking, both pre- and post-judgment interest is awarded on monetary awards in Canadian courts. However, a plaintiff must specifically seek such relief in its Statement of Claim.[485] In patent infringement actions, interest awards can be significant.[486]

(8.9.7) Disclosure of Judgment

230 In Canada, generally speaking, judgments and reasons for judgment are available to the public upon their release. However, in circumstances where there is a Confidentiality Order relating to evidence submitted at trial, the Court may circulate a confidential copy of the judgment and reasons for judgment to the parties and provide the parties with an opportunity to request that certain confidential references to the evidence be redacted from the judgment and reasons for judgment prior to their being made publicly available.

(8.9.8) Order for Costs

231 In Canada, the court has full discretionary power over an award of costs of a legal proceeding.[487] However, a successful litigant (be it the plaintiff or the defendant) is typically awarded its 'costs' which consists of full reimbursement for all reasonable disbursements (including, e.g., expert fees) and a portion of its attorney's fees (usually based on a tariff or schedule of allowable fees contained in the applicable court rules). In exceptional circumstances, full or substantial indemnity for actual legal costs incurred for the litigation may be awarded, generally in the form of a lump sum award. Factors that may be considered by the court in exercising its discretion with respect to the amount or allocation of costs include, *inter alia*: the result of the proceedings, the amounts claimed and recovered, the importance and complexity of the issues, the apportionment of liability, any written offer of settlement, the amount of work and the conduct of the parties.[488] Although lump sum awards achieving full or partial indemnity remain rare, lump sum awards based on a percentage of the total legal fees are increasingly being awarded in complex patent cases

---

483 *Dimplex North America Ltd v. CFM Corp*, 2006 FC 586 at para. 132, 54 CPR (4th) 435, aff'd 2007 FCA 278, 60 CPR (4th) 277.

484 *Eurocopter v. Bell Helicopter Textron Canada Limitée*, 2013 FCA 219 at para. 193; *Airbus Helicopters SAS v. Bell Helicopter Texteron Canada Ltée*, 2017 FC 170 (aff'd 2019 FCA 29)at para. 440.

485 See e.g., *Jay-Lor International Inc v. Penta Farm Systems Ltd*, 2007 FC 358, 59 CPR (4th) 228.

486 *Eli Lilly and Co v. Apotex Inc*, 2015 FC 1254 (aff'd 2018 FCA 217; application for leave to appeal filed 2019 CarswellNat 1194) at para. 136, 131 CPR (4th) 296; The Dow Chemical Company v. Nova Chemical Corporation, 2017 FC 637.

487 *Federal Courts Rules*, SOR/98-106, r. 400(1).

488 *Federal Courts Rules*, SOR/98-106, rr. 400(3), 420.

where the legal fees are substantial and a precise calculation of costs would be overly burdensome.[489]

(8.10) CRIMINAL ENFORCEMENT

232 In Canada, there are no criminal provisions relating to infringement of patent rights. The only criminal provisions contained in the Canadian *Patent Act* relate to:

(a) falsely marking or selling an article as patented;[490]
(b) making a false representation or tendering a false document for the purposes of the *Patent Act*;[491] and
(c) failing to comply with the certain provisions under the *Patent Act* relating to patented medicines.[492]

(8.11) APPEAL

233 The Federal Court and each provincial court system has its own appellate court structure. Appeals from both interlocutory and final orders of the Federal Court are available as of right to the Federal Court of Appeal. In some provincial court systems, leave to appeal is required in order to appeal interlocutory orders.

(8.12) SUPREME COURT

234 Appeals from the Federal Court of Appeal and provincial appellate courts are heard by the Supreme Court of Canada. For patent matters, leave to appeal to the Supreme Court of Canada must be granted by the court prior to the hearing of the appeal.

---

489 Recent examples of such awards include *Dow Chemical Co v Nova Chemicals Corp*, 2016 FC 91 (aff'd 2017 FCA 25) at paras 22-29; *Apotex Inc v Shire LLC*, 2018 FC 1106 at paras 26-30.

490 *Patent Act*, RSC 1985, c P-4, s. 75.

491 *Patent Act*, RSC 1985, c P-4, s. 76.

492 *Patent Act*, RSC 1985, c P-4, s. 76.1.

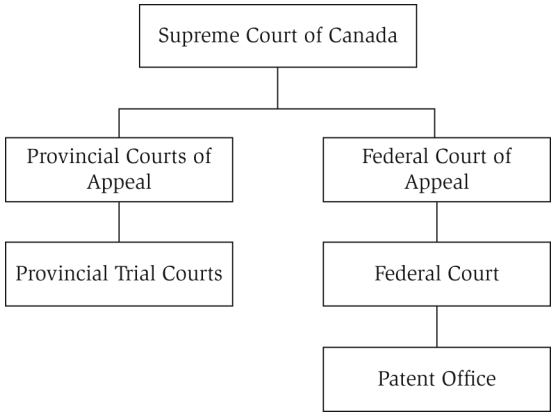
(9) CONCLUSION

235 Over the recent years, the decisions from Canadian courts in patent proceedings can be fairly characterized as being favourably disposed towards patent owners. In patent infringement trials in Canada since 1971, the patent in issue has been held valid in approximately 70% of the cases, with the patentee being successful on both validity and infringement in the majority of the cases.[493]

236 Patent litigation in Canada is often less expensive compared to the cost of litigating patent rights in other countries. As referenced above, Canadian court systems have several procedures that can result in a reduction of the overall costs of the litigation.

[493] Statistics excerpted from Steven B. Garland & Jeremy E. Want, *The Enforcement of Intellectual Property Rights in Canada*, 16 Canadian Intell. Prop. Rights 43 (1999). The data from this source was updated to include all decisions reported in the Canadian Patent Reporter series up to 153 CPR (4th), *circa* 2017.

(10) TABLES



Preliminary Injunction Proceedings in the Federal Court: Ex Parte

Step	Description
Overview	An ex parte motion for a preliminary injunction can only be brought if notice is not possible, or if notice would defeat the purpose of the motion. The motion is typically brought after the commencement of a proceeding, although it may be brought prior to the commencement of a proceeding in a case of urgency. The motion can be brought on any regular motion day of the court (varies from city to city) unless the duration of the motion is over two hours, in which case directions from the court must be obtained.
Moving Materials	The moving party's motion materials include a Notice of Motion setting out the relief sought and the grounds of the motion along with affidavit and other evidences that will be relied upon at the hearing. These materials must be filed at least three days before the day set out in the notice for the hearing of the motion.
Oral Hearing	Ex parte interlocutory injunction motions are heard by a single judge. The duration of the hearing is typically set by the moving party in its motion materials. However, the court has the discretion to shorten or lengthen the hearing as appropriate.
Order	Although the judge can dispose of the motion at the hearing, typically the judge reserves and provides a written order and reasons after the hearing. A judge may grant an interim injunction on an ex parte motion for a period of up to fourteen days.

Preliminary Injunction Proceedings in the Federal Court: First Instance

Step	Description
Overview	A preliminary injunction is obtained by a motion to the court. The motion is typically brought after the commencement of a proceeding (although it may be brought prior to the commencement of a proceeding in a case of urgency).The motion can be brought on any regular motion day of the court (varies from city to city) unless the case is case managed or the duration of the motion is over two hours. In such circumstances, directions from the court must be obtained.
Moving Materials	The moving party's motion materials include a Notice of Motion setting out the relief sought and the grounds of the motion along with affidavit and other evidences that will be relied upon at the hearing. The motion materials must be served and filed at least three days before the day set out in the notice for the hearing of the motion.
Responding Materials	In response to the motion, the responding party must serve and file its motion materials by 2:00 p.m. on the day that is two days before the day fixed for the hearing of the motion, including any affidavit or other evidences it intends to rely upon at the hearing.

Step	Description
Cross-examinations	Each party is entitled to cross-examine on affidavits filed on the motion. Transcripts of the cross-examinations are filed with the court prior to the commencement of the hearing.
Oral Hearing	Interlocutory injunction motions are heard by a single judge. The duration of the hearing is typically set by the moving party in its motion materials. However, the court has the discretion to shorten or lengthen the hearing as appropriate.
Order	Although the judge can dispose of the motion at the hearing, typically the judge reserves and provides a written order and reasons after the hearing. Generally, it takes between one to six weeks for the order to issue.
Appeal	An Order on a preliminary injunction motion may be appealed to the Federal Court of Appeal as of right within ten days of the date of the order.

Preliminary Injunction Proceedings in the Federal Court: Appeal to Federal Court of Appeal

An Order on a preliminary injunction motion may be appealed to the Federal Court of Appeal as of right within ten days of the date of the order.
Except for the deadline for filing the appeal, the procedure on the appeal is identical to the procedure set out in the chart entitled 'Appeal to the Federal Court of Appeal: Proceedings on the Merits' below.

Preliminary Injunction Proceedings in the Federal Court: Appeal to Supreme Court of Canada

An Order on a preliminary injunction motion made by the Federal Court of Appeal may be appealed upon obtaining leave from the Supreme Court of Canada.

The Application for Leave to Appeal must be served and filed within sixty days of the Order being appealed. The procedure on the leave application and any subsequent appeal (if leave is granted) is identical to the procedure set out in the chart entitled 'Appeal to the Supreme Court of Canada: Proceedings on the Merits' below.

Proceedings on the Merits in the Federal Court: First Instance

Step	Description
Statement of Claim	Patent proceedings are typically commenced by the issuance of a Statement of Claim. The Statement of Claim must be served on each defendant within sixty days of being issued.
Defence	A Statement of Defence must be served and filed within thirty days of service of Statement of Claim (unless the Statement of Claim was served outside of Canada, in which case the deadline is either forty days if served in the United States or sixty days if served elsewhere). The Statement of Defence may also include a counterclaim against the plaintiff, a cross-claim against another defendant or a third-party claim.
Reply	A Reply must be served and filed within ten days of service of the Statement of Defence unless there is a counterclaim, in which case a Reply and Defence to Counterclaim is due thirty days after service.
Discovery	After the pleadings are closed, each party is entitled to documentary and oral discovery of every party adverse in interest. Documentary discovery is completed by exchange of Affidavits of Documents and copies of the documents listed therein that are not the subject of a privilege claim. Each party is also entitled to orally examine a representative of every adverse party. A party adverse to the patentee is also entitled to examine the inventors or any other assignee of the patent in issue.
Pre-trial Conference	Any time after the close of pleadings, a party may request a pre-trial conference. Expert reports are part of the materials exchanged for the pre-trial conference. The trial date and duration of the trial is set at the pre-trial conference.
Trial	The trial is heard by a single judge. There is no fixed limit for each party to present its case at trial. Timing issues are resolved at the pre-trial conference, at a trial management conference or by the judge presiding at trial.
Judgment	Although the judge can dispose of the action at trial, this rarely occurs. Typically, the judge reserves and issues a written judgment and reasons after the hearing. Generally speaking, it takes two to six months or more for the court to issue a decision.

Step	Description
Appeal	A judgment may be appealed as of right within thirty days of the date of the judgment.

Proceedings on the Merits: Appeal to Federal Court of Appeal

Step	Description
Notice of Appeal	An appeal is commenced by issuing a Notice of Appeal. Leave to appeal is not required. The Notice of Appeal sets out the grounds of the appeal. An appeal must be commenced within thirty days from the date of a final judgment. Extensions are available by order of the court. The Notice of Appeal must be served on each respondent within ten days of its issuance.
Appearance/Cross-Appeal	A respondent who intends to participate in the appeal must serve and file a Notice of Appearance (or where the respondent seeks a different disposition of the judgment that is the subject of the appeal, a Notice of Cross-Appeal).
Appeal Books and Memoranda of Fact and Law	Before a hearing date is set, the Appeal Books must be prepared, and each party must serve and file a Memorandum of Fact and Law.
Hearing	A hearing date is obtained from the court by filing a Requisition for Hearing. An expedited hearing date can be obtained by order of the court in circumstances where a party will suffer irreparable harm by a delay in the hearing. The duration of the hearing is set by the court based upon estimates provided by the parties in the Requisition for Hearing and the complexity of the issues on the appeal. Appeal is heard and decided by three judges.
Decision	The judges can dispose of the appeal at the hearing. Alternatively, the judges can reserve their decision and issue an order and reasons in writing. Depending upon the case and the nature of the appeal, it can take up to two to four months for an order and reasons to issue.
Appeal	An application for leave to appeal to the Supreme Court of Canada must be filed within sixty days of the date of the order from the Federal Court of Appeal.

Proceedings on the Merits: Appeal to Supreme Court of Canada

(I) Application for Leave to Appeal

Step	Description
Application for Leave to Appeal	An Application for Leave to Appeal, including a Notice of Application for Leave to Appeal must be served and filed within sixty days of the judgment being appealed. The Notice of Application sets out the grounds for the Appeal. One of the requirements to be granted leave to appeal is that the appeal must raise an issue of public importance. The Application for Leave to Appeal also includes the applicant's Memorandum of Argument.
Response	Within thirty days of service of the Application for Leave to Appeal, the respondent serves and files a Response (or an Application for Leave to Cross-Appeal). The Response includes the respondent's Memorandum of Argument.
Reply	The applicant has the option of filing a Reply within ten days of service of the respondent's Response. A Reply Memorandum of Argument is included in the Reply.
Decision/Hearing	The materials filed by the parties are submitted to three judges of the Supreme Court. Based upon the written materials, there are three possible outcomes, namely: (1) the application will be granted; (2) the application will be dismissed; or (3) an oral hearing will be ordered. An oral hearing is rarely ordered. When ordered, the oral argument of each party is restricted to fifteen minutes, with an additional five minutes allowed to the applicant for reply.
Appeal	No appeal is available from a refusal to grant leave to appeal. If leave to appeal is granted, the appellant must serve and file a Notice of Appeal within thirty days of the date of the order granting leave.

(II) Appeal

Step	Description
Notice of Appeal	The appellant must serve and file the Notice of Appeal within thirty days of the date of the order granting leave.

Step	Description
Appellant's Materials	Within twelve weeks after Notice of Appeal is filed, the appellant must serve and file a Factum, Record and Book of Authorities.
Respondent's Materials	Within eight weeks after service of appellant's materials, the respondent must serve and file a Factum, Record and Book of Authorities.
Hearing	Once the parties' materials are filed, a hearing date is set by the court. At the hearing, each of the parties' oral argument is limited to one hour. The appellant is also provided with an additional five minutes for a reply. The appeal is heard by a panel of five to nine judges (note: recent decisions of the Supreme Court of Canada on patent matters have been heard by nine judges).
Appeal	No appeal is available from any decision of the Supreme Court of Canada.

Relationship Between Infringement and Validity

Heard together?
Infringement and validity of a patent are typically heard together. However, separate actions relating to infringement and validity of a patent are possible.
Where a patentee seeks a preliminary injunction against an alleged infringer, the court will take the possible infringement and invalidity of the patent into account when considering whether there is a serious question to be tried and in evaluating the balance of convenience.

Role of Experts

Type of Expert	Discussion
Party Experts	In Canadian patent proceedings, each party typically submits expert evidence. An expert report (typically provided by way of an affidavit signed by the expert) must be served on all other parties in advance of trial. In the Federal Court, expert reports are exchanged accompanying the parties' pre-trial conference materials. The expert's evidence is given viva voce at trial. The expert is permitted to read his/her expert report into evidence and explain the contents thereof. Evidence not contained in the expert report is only permitted with leave of the court. The expert must also be available for cross-examination at trial. The court may also ask the expert questions during the oral hearing. In the Federal Court, the court has the discretion to require some or all of the expert witnesses to testify at trial as a panel (colloquially referred to as 'hot-tubbing'). Pursuant to this procedure, expert witnesses provide their testimony in the presence of the panel and may be directed to comment on the views of the other panel members. On completion of the testimony of the panel, the panel members may be cross-examined and re-examined as directed by the court. To-date, the 'hot-tubbing' of experts has only occurred on a few occasions in patent proceedings in Canada.
Experts Appointed by the court	Although provided for under the rules of the Federal Court and most provincial courts, court appointed experts are very rare in patent cases in Canada. Such an expert will be requested to provide an opinion on questions submitted by the court. Before the court requests a written opinion from a court appointed expert, the parties are provided an opportunity to make submissions on the form and content of the questions to be asked. In addition, before rendering judgment, the parties are provided with an opportunity to make submissions on any opinion provided by the expert.
Expert Opinion of Patent Office	Apart from the general rules pertaining to court appointed experts, there are no express provisions pertaining to obtaining an opinion from the Canadian Patent Office for the purpose of a patent proceeding in Canada.

Duration of Preliminary Injunctions Proceedings

Court	Duration
Federal Court	A preliminary injunction motion may be heard within days of filing the motion materials. However, in practice, it typically takes a period of several weeks for a motion to be heard, especially when the motion has a duration of over two hours. Although the judge can dispose of the motion at the hearing, typically the judge reserves and provides a written order and reasons after the hearing. Generally, it takes one to six weeks for the order and reasons to issue.
Federal Court of Appeal	Twelve–eighteen months (four–six months when order for expedited hearing is obtained).
Supreme Court of Canada	Eighteen–twenty-four months.

Duration of Proceedings on the Merits

Court	Duration
Federal Court	From issuance of the Statement of Claim to judgment, proceedings typically take between two to four years.
Federal Court of Appeal	Twelve–eighteen months.
Supreme Court of Canada	Eighteen–twenty-four months.

Costs of Infringement and Invalidity Proceedings

Type of Proceeding	Costs
Preliminary Injunction	CAD 50,000–CAD 100,000 or more depending on the complexity of the case, the amount of evidence and the number of issues in the proceeding.
Normal Proceedings (Infringement)	CAD 300,000–CAD 500,000 or more depending on the complexity of the case and the number of issues in the proceeding.

Type of Proceeding	**Costs**
Normal Proceedings (Invalidity)	CAD 300,000–CAD 500,000 or more depending on the complexity of the case and the number of issues in the proceeding.
Normal Proceedings (Infringement and Invalidity)	CAD 400,000–CAD 600,000 or more depending on the complexity of the case and the number of issues in the proceeding.
Appeal (to Federal Court of Appeal or Supreme Court of Canada)	CAD 50,000–CAD 100,000 or more depending on the number of grounds asserted on the appeal and the complexity of the issues relating thereto.