

2. The presence of a programmed general purpose computer or program for such computer does not lend patentability to, nor subtract patentability from, an apparatus or process.
3. It follows from 2. that new and useful processes incorporating a computer program, and apparatus incorporating a programmed computer, are directed to patentable subject matter if the computer-related matter has been integrated with another practical system that falls within an area which is traditionally patentable. This principle is illustrative of what types of computer-related applications may be patentable, and is not intended to exclude other computer-related applications from patentability.

Despite these guidelines, some patents the Canadian PO has granted for computer software may not be very different from those granted under the new U.S. policy. Whether this is desirable is debatable. It does indirectly what cannot be done directly: it simultaneously patents subject matter that may already be protected by copyright; and the fear that programming innovations may be impeded by broad blocking patents may come to be realized.

e) Medical or Surgical Treatments

Devices or drugs for treating human or animal illness are patentable. So are methods of testing not relating to any step of actual treatment or vital function of the body. But methods of treating living humans or animals by surgery or therapy are unpatentable. This is also true of methods of using medicine or similar substances to diagnose, prevent, or cure ailments in humans or animals.⁷² Medical treatment should include any modification of organic function in humans or animals: methods to bond cuts and wounds and to reduce the urge to smoke have been ruled unpatentable.⁷³ Although purely cosmetic treatments, such as strengthening hair or nails, may escape the prohibition, those with an accompanying medical benefit — for example, cleaning teeth to make them both more attractive and also bacteria-free — remain unpatentable.⁷⁴

72 *MOPOP*, above note 9, § 16.04(6); *Merck & Co. v. Apotex Inc.* (1994), 59 C.P.R. (3d) 133 (Fed. T.D.), *aff'd* on this point [1995] 2 F.C. 723 (C.A.).

73 *Tennessee Eastman Co. v. Canada (Commissioner of Patents)* (1970), 62 C.P.R. 117 (Ex. Ct.), *aff'd* [1974] S.C.R. 111; *Re Revici* (1981), 71 C.P.R. (2d) 285 (Patent Appeal Bd. & Commissioner of Patents); compare *Trade-marks Act*, R.S.C. 1985, c. T-13, s. 51(3), *def.* "pharmaceutical preparation."

74 *Imperial Chemical Industries Ltd. v. Canada (Commissioner of Patents)*, [1986] 3 F.C. 40 (C.A.).

The exception for medical treatment springs from ethical or emotional reasons based on a desire not to hamper the saving of life and the alleviation of suffering. Medicine is also a profession whose members should share their skills and should not foreclose others from applying them; an operating surgeon or prescribing physician should not have to worry about patent infringement.⁷⁵ Europe has a similar exception, but the United States and, more recently, Australia do not.⁷⁶ U.S. patents have been issued for the use of AZT to treat AIDS and for pure surgical methods like performing stitchless eye cataract surgery. The more medicine starts looking like a business, the greater becomes the pressure to allow patenting as for any other business.

C. CRITERIA FOR PATENTABILITY

To be patentable, every invention must be new, non-obvious, and useful.

1) Novelty

An invention need not be absolutely new in the sense that nobody anywhere ever thought of it or made it before — a criterion impossible to prove or disprove. Rather, it must be relatively new when compared with what was known in that art at the claim date. The claim is examined for this purpose: if its subject matter has been “disclosed” so as to have become “available to the public” anywhere in the world,⁷⁷ the invention is old and unpatentable.

This base of public knowledge is affected in two ways. First, an earlier Canadian application for the same invention — one previously filed or with priority based on an earlier foreign or local filing — becomes a disclosure from that priority date once the specification is published. An earlier application that remains secret because it is abandoned or withdrawn before being published is not a disclosure.

Second, the inventor has a one-year grace period during which he can disclose the invention before filing a Canadian application without this counting as public disclosure. This indulgence extends to the applicant for the patent (if different from the inventor) or someone obtaining knowledge of the invention directly or indirectly from either.⁷⁸ Other-

75 *Anaesthetic Supplies Pty. Ltd. v. Rescare Ltd.* (1994), 28 I.P.R. 383, (Austl. Fed. Ct.), dissent [*Rescare*].

76 EPC, above note 28, art. 52(4); *Rescare*, *ibid.*

77 P Act, above note 1, s. 2, def. “invention”; s. 28.2(1)(b).

78 P Act, *ibid.*, s. 28.2(1)(a); s. 2 def. “applicant.”

wise, showing a single sample to a prospective customer to try to drum up trade would bar a patent. Unfortunately, the same indulgence is not recognized everywhere. The United States has a similar provision; but Europe allows only six months' grace, and then only for inventions shown at officially recognized international exhibitions or for disclosures that are an "evident abuse" of the inventor (e.g., breaking a confidentiality agreement).⁷⁹ The inventor who wants to patent outside Canada and the United States is better advised to file her patent application first and "show and tell" later.

a) What Is "Available to the Public"?

Information is disclosed if it is made publicly available without restriction. This disclosure may occur if the invention is shown off without any requirement of confidentiality, displayed in a public place, lectured on at a public conference, or even installed in one's house where guests can see it. But disclosures in a private document like an internal memo do not count. Nor do isolated private uses, idle gossip, experiments (especially abandoned or unsuccessful ones), or disclosures made under express or implied conditions of confidentiality.⁸⁰ Private information confined to a select group — for example, masonic rituals or aboriginal folklore — may therefore count as unavailable to the "public."

Still, disclosing the invention only once to one person can sometimes make it available to the public. The nineteenth century beau who impressed his intended by giving her a pair of corset steels he had invented, to replace those she complained were always breaking, thereby publicly disclosed his invention as surely as if he had put it in a shop window in the busiest part of town.⁸¹ Today, a new part tucked deep in the bowels of an automobile engine may be publicly available the moment the first car is sold or given away. The seller or donor has, from then on, lost the power to prevent the buyer or others from detecting the new part and talking about it. Whether anyone in fact tried to do so is irrelevant.⁸² This condition is not as harsh as might at first appear, since firms very often do get hold of early samples of their competitors' product precisely to see whether any new features in it are worth imitating.

79 EPC, above note 28, arts. 54(2) & 55; compare *Patents Act*, above note 28, s. 1(4).

80 *Minerals Separation North American Corp. v. Noranda Mines Ltd.*, [1947] Ex.C.R. 306, rev'd (1949), [1950] S.C.R. 36, aff'd (1952), 15 C.P.R. 133 (P.C.); *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.* (1978), 39 C.P.R. (2d) 145 (Fed. T.D.), aff'd (1979), 42 C.P.R. (2d) 33 (Fed. C.A.).

81 *Egbert v. Lippmann*, 104 U.S. 333 (1881).

82 *Gibney v. Ford Motor Co. of Canada* (1967), 52 C.P.R. 140 (Ex. Ct.).

b) Prior Publication

Before 1989, only previous patents or printed publications could be used to show that an invention was old.⁸³ Now any disclosure that tells the public anywhere in the world about the invention qualifies: patents or anything else printed, written, oral, or even posted on the Internet. The disclosure has to be self-contained: making a mosaic of the prior art is not permitted. The invention is anticipated only if a skilled worker working on a problem would, on picking up the document, say, "By George, I've got it." So the information must give directions that, inevitably, would produce the claimed invention, or must for all practical purposes be equal to that in the patent.⁸⁴

A double standard operates here. Courts give patents a non-literal "purposive" construction when they are testing for internal validity or trying to catch infringers.⁸⁵ When testing prior documents for novelty, however, they construe them narrowly. The documents are then subjected to "the closest scrutiny," and a "weighty burden" is placed on the challenger.⁸⁶ Sauce for the patent goose should perhaps also be sauce for the prior art gander. Prior documents should be examined purposively as a skilled reader would read them. This examination should cover obvious equivalents to described or claimed elements.

Nor does there seem to be any good reason why older, unexploited documents continue to be denigrated as mere paper anticipations, the "abandoned scrap heaps of dust-covered books which tell of hopes unrealized and flashes of genius quite forgotten."⁸⁷ This prejudice goes back to times of low literacy where prior publication understandably counted less than actual prior use.⁸⁸ It is no longer appropriate today, when much information is widely and instantly available, often electronically. Many ideas in written disclosures are ahead of their time or are not commercialized for other reasons. Yet many may have been scanned and their contents absorbed. If a disclosure in fact makes the invention publicly available, whether this occurred through an actual embodiment or a publication should be irrelevant. If one sale to one

83 *Patent Act*, R.S.C. 1985, c. P-4, s. 28(2), prior to amendment by R.S.C. 1985 (3d Supp.), c. 33, s. 10.

84 *Reeves Brothers Inc. v. Toronto Quilting & Embroidery Ltd.* (1978), 43 C.P.R. (2d) 145 at 157 (Fed. T.D.).

85 See section C(6)(a) "Purposive Construction Saves Claims," and section F(6), "Substantial Infringement," in this chapter.

86 *Diversified Products Corp. v. Tye-Sil Corp.* (1991), 35 C.P.R. (3d) 350 at 363 (Fed. C.A.).

87 *Eli Lilly & Co. v. Marzone Chemicals Ltd.* (1977), 37 C.P.R. (2d) 3 at 32 (Fed. T.D.), aff'd above note 45.

88 *Stead v. Anderson* (1847), 16 L.J.C.P. 250.

uninterested person is disclosure, so too should be one publication open to the view of many.

c) Undetectable Uses

Suppose a chemical in a sold compound cannot be detected through known means of analysis. Or suppose the product of a new process or a machine is sold, but the public cannot know the invention from the product itself. Is such an undetectable chemical or secret process or machine "disclosed" so as to have become available to the public?

U.K. case law before the *European Patent Convention* and U.S. case law would suggest it has been so disclosed. The leading pre-EPC U.K. case involved the sale of some batches of the antibiotic ampicillin. These batches, unknown even to the seller, contained some trihydrate form of the drug. The sales were held to prevent a rival from later patenting ampicillin trihydrate. By selling the product, the first maker put it out of its power to prevent trihydrate from being detected. Evidence that someone actually could or did detect it was irrelevant.⁸⁹ Similarly, sales of the output of a newly invented process or machine prevented a later patent for that process or machine. Nobody could have detected from the product sold that a new process or machine had been used, but this point was irrelevant.⁹⁰

The U.S. and pre-EPC U.K. case law is distinguishable because the focus was on whether the invention was publicly used. It was also the focus in Canada before 1989, although the use had to make the invention "available to the public."⁹¹ But now the question is whether there has been a public disclosure. This is not the same as use, but is there enough of a difference? Post-EPC U.K. courts have held so: under European law, the ampicillin case would be decided differently because European law, like the Canadian Act, denies novelty only where the invention was earlier made "available to the public." Had the ampicillin specification, however, disclosed a process resulting in ampicillin trihydrate, this would have made trihydrate available to the public, even if neither discloser nor the public knew it. As the later U.K. court put it:

89 *Bristol-Myers Co. (Johnson's) Application* (1973), [1975] R.P.C. 127 (H.L.).

90 *W.L. Gore & Associates Inc. v. Kimal Scientific Products Ltd.* (1987), [1988] R.P.C. 137 (Pat. Ct.). The corresponding U.S. patent was not invalidated because the court held that prior use bars only the inventor, not a third party, from a grant: *W.L. Gore & Associates Inc. v. Garlock Inc.*, 721 F.2d 1540 (Fed. Cir. 1983), criticized in D.S. Chisum, *Patents: A Treatise on the Law of Patentability, Validity, and Infringement* (New York: Matthew Bender, 1978), § 6.02[5][C].

91 *Patent Act*, R.S.C. 1985, c. P-4, ss. 27(1)(b)-(c) & 61(1)(a), prior to amendment by R.S.C. 1985 (3d Supp.), c. 33, s. 8 & s. 23.

"The Amazonian Indian who treats himself with powdered [chinchona] bark for fever is using quinine, even if he thinks that the reason why the treatment is effective is that the tree is favoured by the Gods."⁹²

While Canadian courts may follow this reasoning, the result is doubtful patent policy. If a third party is commercially exploiting the invention at the claim date, a patent abridges its (till then) perfectly lawful business. Usually, too, what infringes a patent after grant should, if done previously, bar the grant. Since selling the output of a process or a machine generally infringes the process or the machine patent,⁹³ sales before the claim date should equally bar the grant. The policy is even stronger when the inventor is doing the exploiting, for to allow a patent then is to extend a monopoly for the period of secret exploitation. Inventors would be encouraged to put black boxes literally or figuratively around their invention to hide it from the public, and would patent only when they feared successful reverse-engineering. Why should the patent cake be so had and eaten?

d) Experimental Uses

For pragmatic reasons, judges have developed an exception for experiments reasonably necessary to perfect an invention or to test its merits or practical value, whether they are done by the inventor or by anyone else. Inventors may need to experiment to produce an accurate disclosure for the patent application. This work should not be prejudiced by the danger that like experiments, especially if unsuccessful and abandoned, by others will be treated as public disclosures barring a right to patent.⁹⁴ Experiments may not always involve limited public disclosure. For example, the best way to test a new method of highway construction may be to use it on a strip of highway and to see how it works under actual conditions. This experiment should not count as public disclosure, even if it runs for a season or two and is there for all to see.⁹⁵

The receipt of money or other benefits may not prevent a use from being experimental, but the exception ceases once experimenting is no longer "reasonable and necessary" or the main purpose of the activity

92 *Merrell Dow Pharmaceuticals Inc. v. H.N. Norton & Co. Ltd.* (1995), [1996] R.P.C. 76 at 91 (H.L.).

93 See section H(8), "Existing Uses," and section F(2) and (4), "Owner's Rights," "Use" and "Imports," in this chapter; compare J.G. Colombo, "Reverse Engineering and Process Patents: When is the Process Disclosed?" (1991) 7 I.P.J. 85.

94 *Procter & Gamble Co. v. Calgon Interamerican Corp.* (1981), 56 C.P.R. (2d) 214 at 234 & 239 (Fed. T.D.).

95 *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126 (1878).

changes from experimental.⁹⁶ The first time a sailboard is tried out on a public beach may be an experiment, but once adjustments are made and the sailboard is used for the rest of the season, the experiment is over and the invention is publicly available. Anybody on the beach can now see how it works.⁹⁷

2) Non-obviousness

Until very recently, the *Patent Act* did not expressly say that obvious inventions were unpatentable. Courts implied this criterion from the notion of "invention." Inventions implied inventive ingenuity, without which an advance was obvious; and patents are not granted for the obvious.

The *Act* is now explicit that the claimed invention must not, at its claim date, be obvious — "very plain" — to a person skilled in the relevant art or science. That person will be notionally apprised of all information publicly disclosed and available anywhere in the world before the claim date. Again, as for novelty, any disclosure by the inventor, applicant, or someone obtaining knowledge from either, for the year before the application was filed, does not count.⁹⁸ The test is objective: it does not matter that, to this inventor, her advance was momentous. Rather, the known public state of the art at the claim date is gathered and assessed as it would appear to a skilled worker in that field. The question becomes whether, to that notional person, the claimed invention would then have come directly and without difficulty. This notional worker has been called a "mythical creature (the man in the Clapham omnibus of patent law)," with "no scintilla of inventiveness or imagination; a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right."⁹⁹

Whether an advance is obvious as a matter of fact is supposed to present "a very difficult test to satisfy" because "[e]very invention is obvious after it has been made, and to no one more so than an expert in the field."¹⁰⁰ Generalizations like this are really reactions to a particular case and cannot be taken seriously. Many inventions seem amazing

96 *Canadian Patent Scaffolding Co. v. Delzotto Enterprises Ltd.* (1978), 42 C.P.R. (2d) 7 at 24 (Fed. T.D.), aff'd (1980), 47 C.P.R. (2d) 77 (Fed. C.A.)

97 *Windsurfing International Inc. v. Tabur Marine (G.B.) Ltd.* (1984), [1985] R.P.C. 59 (C.A.); compare *Windsurfing International Inc. v. Trilantic Corp.* (1985), 8 C.P.R. (3d) 241 (Fed. C.A.) [*Trilantic*].

98 *P Act*, above note 1, s. 28.3.

99 *Beloit*, above note 18 at 294.

100 *Ibid.* at 295 & 294.

years after they are made. Moreover, no data exist on the percentage of patents overall that may be obvious. PO screening weeds out egregious applications, but skilful patent drafting can sometimes slip the trite through. And when an obviousness issue finally hits a court, a judge with no science or engineering background may be so impressed by the wonders of technology that almost everything in the physical world will amaze — and so not be obvious — to him.

Realizing their technical limitations, courts (and even the PO) are often influenced by indirect evidence bearing on non-obviousness. For example, the problem the patentee worked on may have long been known and the path to its solution may have been littered with failures. The inventor, though highly qualified, may have experimented long and hard before hitting on the solution. The patented product may have been an instant success on the market, which therefore recognized the invention's value. (Of course, success becomes unimportant if the product differs significantly from the patent or if market success comes merely from clever marketing.) Disinterested experts may have praised the invention. Competitors may have accepted its validity by taking licences or by working around it. The more these factors abound and the longer validity stays unchallenged, the more the invention will be found unobvious.¹⁰¹

Take the case of a product that is made in a different material — for example, plastic instead of wood, metal, or glass. Most designers today would find the switch obvious, but sometimes more is needed to make the switch work. For example, in badminton, plastic shuttlecocks now replace the expensive feather-and-cork of yore. The change went beyond simply moulding a plastic feather and cork. There were major difficulties in replicating in plastic the flight characteristics of the feather-and-cork. The path to success was littered with failure. Unsurprisingly, the patent for the first successful shuttlecock was found unobvious.¹⁰² By contrast, in another case, a designer was asked to turn his mind to new uses of “lazy-susan” turntables. He hit upon the idea of a portable tool caddy and made a prototype within two months. The result was later held obvious. Simplicity does not negate invention, but this idea and its execution, involving the adaptation of a commercially available article, would have occurred to “any skilled handy-man” and so was unpatentable.¹⁰³

101 See R.L. Robbins, “Subtests of ‘Nonobviousness’: A Nontechnical Approach to Patent Validity” (1964) 112 U. Pa. L. Rev. 1169.

102 *Rosedale Associated Manufacturers Ltd. v. Carlton Tyre Saving Co. Ltd.*, [1960] R.P.C. 59 (C.A.).

103 *Rubbermaid (Canada) Ltd. v. Tucker Plastic Products Ltd.* (1972), 8 C.P.R. (2d) 6 at 15 (Fed. T.D.).

3) Usefulness

An invention must be “useful” to be patentable.¹⁰⁴ It must relate to the useful — not the fine or professional — arts, be directed to a practical use, and do the job the inventor claims for it.¹⁰⁵ It may still be uneconomic, unsafe, primitive, or commercially useless, but every new technology must start somewhere. Colour television began with crude pictures, yet the first patents enabled others to refine the invention into a commercial product. Some practical end must nonetheless be attained, or the result is merely an unpatentable discovery. A researcher producing a new compound has to show that it is something more than a scientific curiosity. Tests may have to be produced that point to some useful property — for example, as an analgesic.¹⁰⁶

Inventions that do not work are useless and unpatentable. This restriction applies not only to perpetual motion machines, “death-rays,” and other devices that defy the laws of physics — and which continue to turn up in patent offices — but also to drugs that turn out to be toxic or to manufacturing processes that manage to wreck the item they are supposed to produce.¹⁰⁷ But commercial success, or the fact that infringers actually use the invention, may suggest it is useful; for why would people spend time and money on rubbish?

4) The Contents of a Patent

A patent comprises two parts: the disclosure and the claims.¹⁰⁸

a) Disclosure

In the disclosure, the applicant explains the story of her invention: what it is and how to put it to use. The various steps and the sequence of any process must be clearly set out. For a product, this means that the disclosure must show how to make and use it. For a new combination, the

104 *P Act*, above note 1, s. 2, def. “invention.”

105 *Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd.*, [1981] 1 S.C.R. 504 [Consolboard].

106 *Brenner v. Manson*, 383 U.S. 519 (1966); *Re Application No. 139,256* (1977), 51 C.P.R. (2d) 95 (Patent Appeal Bd. & Commissioner of Patents). Compare *Visx Inc. v. Nidek Co.* (1995), 68 C.P.R. (3d) 272 (Fed. T.D.); a laser machine for eye surgery may cause mutations or tumours, but may still legally be “useful.”

107 *Otta v. Canada (Commissioner of Patents)* (1979), 51 C.P.R. (2d) 134 (Fed. C.A.); *X. v. Canada (Commissioner of Patents)* (1981), 59 C.P.R. (2d) 7 (Fed. C.A.); *TRW Inc. v. Walbar of Canada Inc.* (1991), 39 C.P.R. (3d) 176 (Fed. C.A.).

108 *P Act*, above note 1, s. 34(1).

elements and the new result must be detailed. If a person skilled in the art can arrive at the same results only through chance or further long experiments, the disclosure is insufficient and the patent is void. A patentee may, for example, discover that culture grown from a new bacterial strain found in a Vancouver sewer has antibiotic properties. The strain may be fully described in the specification, but cannot be replicated without a sample being made available in a public depository freely accessible to researchers. A sample must therefore be deposited, or the patent may be void for inadequate disclosure.¹⁰⁹

b) Claims

In the claims, the applicant marks out the territory it wants to monopolize. Anything outside the fence is public domain: "what is not claimed is disclaimed." Typically, the claims start with the widest interpretation of what the invention is believed to be; then comes a series of ever more specific claims. Each claim is an independent grant of monopoly. One or more may be found invalid, without necessarily affecting the validity of any other.

One might expect that a competitor could, by looking at the claims, decide if an activity it proposes infringes. This, perhaps surprisingly, is not so. Next to interpreting patent claims, interpreting contracts is child's play. Predicting how a court at trial or on appeal will assess the technology and conflicting expert evidence on meaning and then figure out a claim's "true" meaning is close to soothsaying. Nor is the exercise always the neutral task courts say it is supposed to be: some courts cannot resist "construing" claims to catch "free-riders" or deliberate copiers.

The game for patentees, especially in highly competitive industries, is to reveal as little and to claim as much as possible. The less disclosed, the more that can be retained as competitive edge. The wider one claims, the tougher it is for imitators. But the specification must stay clear of the known and the obvious. It must demonstrate and claim only something over and above existing technology. Much patent drafting involves trying simultaneously to achieve these aims. Along the way several obstacles must be avoided, lest the claims or the whole patent end up invalid.

5) Reading a Patent

Patents are not drafted to be read and understood by the ordinary man, woman, or lawyer in the street, however well educated or interested. They are meant to be understood only by someone — or a team where

109 *P Act*, *ibid.*, s. 38.1(1); compare *Pioneer*, above note 16.

the invention crosses specialties — “skilled in the art or science to which . . . [the invention] appertains, or with which it is most closely connected.”¹¹⁰ Even then, the patent’s meaning is ultimately a question of law, decided by a judge who usually is not skilled in any art or science, let alone the relevant one. Experts can say what the patent means to them or to a skilled reader, but judges are technically free to disregard their evidence.

To reach a decision, judges put themselves in the position of a reader skilled in the art who is reading the specification at its claim date. They must review the prior art to understand the approach that the reader would bring to the patent. The judge then applies principles of construction applicable to written documents generally, avoiding literalism where possible. So the patent is read as a whole against the context of what was generally known to those skilled in the art. The disclosure, the drawings, and the claims, being integral parts of the specification, must be read in the light of one another. If the specification uses technical terms in a particular way or provides a glossary, the same meanings should apply to the claims.

Oddly enough, the meaning or effect of the patent is apparently unaffected by any concessions or amendments made as the application wended its way through the PO: “the patentee and potential infringers are both bound by the terms of the patent as issued.”¹¹¹ This rule is ripe for reconsideration. It reflects outmoded rules on construction of documents generally. Contracts are now interpreted against the history of their making; and in a trade-mark infringement case, the Supreme Court precluded a registrant from expanding the scope of its mark beyond what it had represented to the Trade-mark Office to obtain the registration.¹¹² This rule should apply equally to a patentee who submits an interpretation inconsistent with one it had earlier maintained before the PO.

In practice, courts rely heavily on expert evidence to help them understand how those skilled in the art would have understood the language of the patent at its claim date. Where the evidence conflicts, the judge selects the most likely meaning skilled readers would have adopted. However, if the experts agree, a judge who differs from them risks reversal for error of law.¹¹³ Extrinsic evidence like the inventor’s

110 *P Act*, *ibid.*, s. 34(1)(b); *Consolboard*, above note 105.

111 *PLG Research Ltd. v. Jannock Steel Fabricating Co./Société de fabrication d’acier Jannock* (1991), 35 C.P.R. (3d) 344 at 349 (Fed. T.D.), *aff’d* (1992), 41 C.P.R. (3d) 492 (Fed. C.A.), rejecting the U.S. doctrine of “file wrapper” estoppel.

112 *S.C. Johnson & Son Ltd. v. Marketing International Ltd.* (1979), [1980] 1 S.C. R. 99.

113 *Dableh v. Ontario Hydro* (1996), 68 C.P.R. (3d) 129 (Fed. C.A.) [*Dableh*].

declarations of what she intended is excluded; *ex post facto* analyses like these, even if masquerading as the genuine thoughts of an objective person skilled in the art, are worthless.¹¹⁴

Ultimately, the disclosure should give skilled readers enough information for them to practise the invention with little difficulty when the patent period ends, and meanwhile to experiment with or to try to improve it. This is a major purpose of granting patents in the first place. If, at the end of the day, this purpose fails because of genuine doubts about what the disclosure reveals, the whole patent should be invalid. This is so if, for example, the drawings exemplifying the invention are so inaccurate that ordinary skilled workers in the art cannot make the invention following their directions.¹¹⁵

6) Claims Must Be Clear

The claims must set out the monopoly "distinctly and in explicit terms."¹¹⁶ To readers of patents, this description sometimes sounds like a poor joke. Patent drafters seem congenitally unable to employ plain language, and they care even less about Flesch readability tests. Their credo is that of the British judge who derided any preference in claim drafting for monosyllables over polysyllables and for simple over complex sentences as a "retention of the kindergarten experience."¹¹⁷ Others may sympathize with the Canadian judge who was faced with a patent for a simple mechanism to collect used toner from photocopiers. The leading claim consisted of one 178-word sentence with only six commas. Saying that claims like this one pass from "riddle to enigma," the judge pleaded with drafters to break claims up into shorter sentences. The Gettysburg Address was about as long as this claim: Why could drafters not emulate Lincoln?¹¹⁸ But, having vented his spleen in a footnote, the judge still held the claim valid. Things are no different now. A judge at a recent interlocutory hearing was so befuddled with a claim (281 words, two commas) that she thought this "avalanche de mots" probably made the patent invalid; but after a nine-day trial another

114 *Nekoosa Packaging Corp. v. United Dominion Industries Ltd. (sub nom. Nekoosa Packaging Corp. v. AMCA International Ltd.)* (1994), 56 C.P.R. (3d) 470 (Fed. C.A.).
Merck & Co. v. Apotex Inc., [1995] 2 F.C. 723 (C.A.).

115 *Knight v. Argylls Ltd.* (1913), 30 R.P.C. 321 at 348 (C.A.).

116 *P Act*, above note 1, s. 31(2).

117 *Leonard's Application* (1965), [1966] R.P.C. 269 at 275 (Patent Appeal Tribunal).

118 *Xerox of Canada Ltd. v. I.B.M. Canada Ltd.* (1977), 33 C.P.R. 24 at 88, n. 14 (Fed. T.D.).

more sympathetic judge upheld the claim, while conceding it was no "literary masterpiece."¹¹⁹

The PO does encourage long sentences to be broken into sections, subsections, and paragraphs, but claims still proliferate into the hundreds despite the "one invention, one patent" rule. Both the PO and the courts, sympathetic towards technologies that are sometimes difficult to describe and to understand, have abdicated the field to the neurotic drafting practices of patent agents and lawyers. The problem is not confined to Canada. Patent drafting has drifted internationally into the sort of practices that in the past caused Charles Dickens to take up his pen. The result is that only another patent agent or lawyer can possibly parse, let alone interpret, a colleague's handiwork. Nothing will change until patent offices and courts everywhere start insisting that claims be readily comprehensible by actual (rather than notional) skilled persons, and not only after nine-day trials — upon pain of invalidity. Whether, however, this can come about without international action through bodies like the World Intellectual Property Organization, reinforced by national legislation, is debatable.

a) Purposive Construction Saves Claims

Drafting standards are certainly not improved by the principle that claims should be construed "purposively." Judges are reminded not to read patents too literally, with "the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge."¹²⁰ So a claim that covers the construction of "perpendicular" buildings could cover the leaning tower of Pisa, as infringers have found to their cost. If leaning the building a little does not affect how the invention works, then the claim, though literally saying "perpendicular," can purposively be construed to mean "more or less perpendicular" — and still be clear and distinct.¹²¹

This approach comes from a time when patentees and their agents were said to be "seldom skilled in the use of language."¹²² It allows the brushing aside of technical objections so that specifications are con-

119 *Risi Stone Ltd. v. Groupe Permacon Inc.* (1990), 29 C.P.R. (3d) 243 at 247–48 (Fed. T.D.) (interlocutory); (1995), 65 C.P.R. (3d) 2 at 9 (Fed. T.D.) (trial).

120 *Catnic Components Ltd. v. Hill & Smith Ltd.* (1980), [1981] F.S.R. 60 at 65–66 (H.L.) [*Catnic*].

121 *Catnic, ibid.*, holding that "vertically" in a claim covering the back of a door lintel included backs with 8-degree slopes off the vertical. See section F(6), "Substantial Infringement," in this chapter.

122 *Ernest Scragg & Sons Ltd. v. Leeson Corp.*, [1964] Ex.C.R. 649 at 702 [*Scragg*].

strued "fairly, with a judicial anxiety to support a really useful invention if it can be supported on a reasonable construction of the patent."¹²³ This was how a claim for an electrocardiogram cream, "compatible with normal skin," comprising a "highly ionizable salt to provide good electrical conductivity," was saved. Some of the salts were toxic; so an infringer said the claim was void, as syntactically suggesting that any salt could produce a cream compatible with skin. Moreover, what salts qualified as "highly" ionizable? The Supreme Court called these objections "technicalities" and upheld the claim. A skilled chemist would automatically avoid any toxic salt without needing to be told. Syntax would not stand in the way. Scientists might also disagree on whether a salt qualified as "highly" ionizable, but why would anyone want to use a doubtful contender when thousands of known suitable salts were available?¹²⁴

D. CORRECTING MISTAKES

In the rush to file early, applicants and their agents often make mistakes. The best time to correct is during examination of the application, before the patent is issued. The PO is quite liberal in allowing corrections then,¹²⁵ but amendments can be made even after the patent is issued. Unfortunately, form overwhelms substance. Instead of a single amendment procedure, there is a hotchpotch of badly drafted provisions, some dating to pre-Confederation: disclaimer, re-examination, reissue, correction of clerical errors, and judicial amendment. To be curable, the defect, which includes any produced by the inventor's agents, should be the result of a "mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public" (although this is not explicit for all the recourses).¹²⁶

The procedures common to all intellectual property rights (correction of clerical errors and judicial amendment) are dealt with later.¹²⁷ Only those peculiar to patents are noted here: disclaimer, re-examination, and reissue.

123 *Hinks & Son v. Safety Lighting Co.* (1876), 4 Ch.D. 607 at 612, frequently approved in Canada.

124 *Burton Parsons Chemicals Inc. v. Hewlett-Packard (Can.) Ltd.*, [1976] 1 S.C.R. 555 [Burton].

125 For example, PR, above note 1, ss. 32(1) & 35.

126 P Act, above note 1, s. 48(1) (disclaimer), s. 47(1) (reissue), & s. 53(2); compare s. 53(1) (judicial amendment); Burton, above note 124.

127 See section C(3), "Expungement and Correction," in chapter 5.

1) Disclaimer

A specification may mistakenly claim more than the inventor invented or include someone else's invention. Newly found prior art may reveal the patent's overambition. The patentee can then disclaim the excess in writing and file the disclaimer with the PO, even during infringement proceedings or appeals. Whole claims, parts of claims, or parts of the disclosure may be disclaimed and will be read as part of the original specification — but without affecting pending litigation.¹²⁸

Since the PO cannot apparently refuse to record a disclaimer,¹²⁹ it is up to the courts in contested litigation to inquire whether the Act's requirements were met: Was the specification too broad? Was the invention partly invented by someone else? Was the disclaimed material recorded through mistake, accident, or inadvertence? Was there no intent to defraud or mislead? If these preconditions do not exist, the disclaimer is void, but the original patent will wear the confessed defects like a scarlet letter.

2) Re-examination

A patentee (or anyone else) can ask the PO to re-examine its claims against newly discovered prior art that may affect the validity or the scope of the patent.¹³⁰ If a board of examiners decides that a "substantial new question" affecting patentability exists,¹³¹ the patentee can present its views and propose amendments or new claims not expanding the monopoly. The board will, within twelve months, issue a certificate confirming, cancelling, amending, or adding to the claims. Cancellation operates retroactively, but amended or new claims are prospective only.¹³²

128 *P Act*, above note 1, s. 48(4); *Canadian Celanese Ltd. v. BVD Co. Ltd.*, [1939] 1 All E.R. 410 (P.C.).

129 *P Act*, *ibid.*, s. 48; *Monsanto Co. v. Canada (Commissioner of Patents)*, [1976] 2 F.C. 476 (C.A.), modifying (1974), [1975] F.C. 197 (T.D.); *ICN*, above note 59.

130 A copy of the request is sent to patentee unless it initiated the procedure; *P Act*, *ibid.*, s. 48.1(3).

131 If no such question is found, the board can, without appeal or review, summarily terminate the proceeding; *P Act*, *ibid.*, s. 48.2(3). The same material can nevertheless be used in any later court challenge to the patent.

132 *P Act*, *ibid.*, ss. 48.3 to 48.5. The board's decision is appealable to the Federal Court of Appeal.

3) Reissue

A patent can be surrendered within four years of its date and the PO may reissue (or re-reissue) it for the balance of the term. This outcome may occur only if the original was mistakenly “defective or inoperative by reason of insufficient description and specification,” or because the inventor mistakenly claimed more or less than was necessary. On reissue, identical claims date back to the original claim date. The surrender and amended claims, however, run only from the reissue date. This date can be outside the four-year period.¹³³

The disclosure or claims may be rewritten to protect the invention as fully and as accurately as possible according to the inventor’s original intent — however elusive that may be to divine.¹³⁴ Wholly invalid patents can be resurrected, at least if they have not since been declared invalid in impeachment proceedings. In one such case, the prosecution of a U.S. patent revealed faults in its Canadian counterpart. An application was made to impeach the Canadian patent. Since the patent had issued less than four years earlier, the patentee had the faults corrected through reissue before the impeachment action was heard. Newly found prior art was drafted around, and claims were added to protect the invention more fully. The first the challenger knew of these developments was when a suit was brought against it for infringing the reissued patent — which it lost.¹³⁵

E. TITLE

1) Inventor

The petition should correctly name the inventor, for title to the invention can be derived only through him or her.¹³⁶ “Inventor” is not defined in the *Act*. Case law establishes that the inventor is whoever first independently thought of the invention and objectively manifested the idea. This manifestation may occur by the person communicating it to some-

133 *P Act*, *ibid.*, s. 47.

134 *Curl-master Manufacturing Co. v. Atlas Brush Ltd.*, [1967] S.C.R. 514; *Mobil Oil Corp. v. Hercules Canada Inc.* (1995), 63 C.P.R. (3d) 473 (Fed. C.A.) [*Hercules*].

135 *Burton*, above note 124, aff’d (1972), 7 C.P.R. (2d) 198 (Fed. T.D.).

136 But a misnomer may not invalidate a patent that is, in fact, granted to the right person. Suppose W1 and W2 are both employed by E, and W1 is the inventor or co-inventor with W2. A patent granted to E is valid even though W2 was named sole inventor. See section A(5), “The Application Must Be Truthful,” in this chapter.

one else, writing it down, putting it into practice, or embodying it in a working model.¹³⁷ Keeping an idea in one's head does not make one an inventor, nor does taking it from some other person or a book.¹³⁸ The old British law that equated an inventor with whoever first imported a new technology into the country has long been abandoned. Since people in different parts of the world are often working on the same idea at the same time, two or more may very well qualify as inventors. The scientific community may give priority to one, but patent law gives priority to whoever first files for a patent.

The Act allows either the inventor or the assignee to apply for and obtain a patent, but an assignor to whom a patent is granted holds it in trust and must assign it to the assignee on demand. The true inventor or owner can also invalidate a patent issued to the wrong person or have it corrected to reflect the true title.¹³⁹ Even where the patent is valid despite a wrong attribution of inventorship,¹⁴⁰ the true inventor or inventors should be able to have this error corrected, so that the register may function as an accurate database of inventors as well as inventions.¹⁴¹

2) Joint Inventors

The Act does not define joint inventorship, yet most inventions today come from teamwork. Previously, courts tended to look for a single inventor. Where different people thought up different parts of a combination, the inventor was the person who thought of combining the parts. Today, team inventions are more likely to be treated as jointly invented or at least jointly owned by the team. Everyone who materially helped to create or to develop the idea, however big or small a role, can claim to be a co-inventor or a co-owner. This is especially so where there was a prior agreement to collaborate or where team members are named as co-authors of the publication disclosing the invention.¹⁴²

137 *Christiani & Nielsen v. Rice*, [1930] S.C.R. 443, aff'd (sub nom. *Rice v. Christiani & Nielsen*) [1931] A.C. 770 (P.C.); Scragg, above note 122.

138 *Muntz v. Foster* (1844), 2 Web. Pat. Cas. 96 (C.P.) [*Muntz*].

139 *P Act*, above note 1, s. 52; *Comstock Canada v. Electec Ltd.* (1991), 38 C.P.R. (3d) 29 (Fed. T.D.) [*Comstock*].

140 See note 20 above.

141 Compare section 1(2), "Attribution," in chapter 2.

142 *Monsanto Co. v. Kamp*, 267 F. Supp. 818 (D.C. 1967); *Re CSIRO & Gilbert* (1995), 31 I.P.R. 67 (Austl. Patent Office).

Co-inventors can be added or deleted from an application with the PO's approval. A patent can be issued even if co-inventors refuse to join in applying or have disappeared from sight. On the other hand, someone who concurs in being named co-inventor will later find it difficult to claim that she was really the sole inventor.¹⁴³

Co-inventorship or co-ownership may need rethinking in the light of new technologies. Suppose someone's body part is the source of an invention developed by researchers: Can the subject claim part ownership in any patent? Traditional patent principle says no: not even the owner of a stolen blank canvas on which a thief paints a masterpiece can claim copyright in the artwork. Yet the analogy is inexact for, without the starting material, the invention could not have been made at all. Excluding that person, without his or her consent, from the benefits of the invention may dampen the supply or enthusiasm of human research subjects. Charges of colonialism may also be unavoidable where the body parts came from a remote villager with limited understanding of the implications of the activity. Perhaps such subjects may not deserve to be called "co-inventors," but why not "co-owners"?¹⁴⁴

3) Ownership: Employees

The inventor first owns the invention she made, but the federal *Act* says nothing about what happens when the inventor is an employee. This question is left to provincial law. Contracts of employment often provide that employees cannot reveal the firm's confidential information or trade secrets, and that the benefit of any inventions made on the job belongs to the employer. Such provisions, which make explicit what is anyway implicit, are enforceable if they are not unduly restrictive. Those that try to catch inventions made by ex-employees from ideas developed after they have quit employment may be void as unreasonable restraints of trade.

Where the contract says nothing about the ownership of inventions, a test like the one used in copyright law applies. The employer will own the employee's inventions where an employee is specifically hired to invent, innovate, or develop an invention, or even where he hands over an idea without thought of payment or under a contractual "suggestion box" policy that gives the invention to the employer. But not every

143 *P Act*, above note 1, ss. 31(1), (3); *Putti v. Gasparics* (1973), 13 C.P.R. (2d) 260 (B.C.S.C.).

144 Compare *Moore v. Regents of the University of California*, 793 P.2d 479 at 511-12 (Cal. S.C. 1990) (dissent).

invention made on the job belongs to the employer. Suppose a factory manager uses the workplace to improve the operation of a machine her employer owns. If not hired or paid to invent, the employee owns and can patent for herself any invention resulting from her experiments. The employer has no legal or moral claim to the fruits of employees' intellectual labour simply because it provided a propitious environment for invention or encouraged its employees' endeavours. The employer may use the particular improved machine without toll, but, unlike the position in the United States, cannot apply the improvement to other machines it owns or sells.¹⁴⁵

The law favours employees who are open with their employers. Work done surreptitiously, using the employer's resources or information when the employee is in conflict of interest, raises suspicions of disloyalty and may lead courts to find that the employee has broken implied obligations of good faith owed to the employer and that any resulting invention belongs to the employer.

4) Ownership: Freelancers

Freelancers are treated less favourably in patent law than in copyright law. The *Copyright Act* is built round the image of the freelance author who earns her living from her copyrights and who may, without conflict of interest, recycle them for different clients. Where this is not so in fact — for example, where the author develops a business product for a firm to use as its own in its business — courts often realign the legal position to give the client ownership, or at least liberal rights of use.¹⁴⁶ By contrast, the *Patent Act* starts with no presumption favouring the commissioned freelance inventor. It leaves his rights to be worked out entirely by provincial law. The firm that calls in a consultant to help with a problem will usually own the benefit of any invention he develops as a solution. This is especially likely where the consultant is given access to the firm's trade secrets or confidential information, or is employed to put into practice an idea that the firm has already partly developed. The firm will then be entitled to patent the invention. This *prima facie* position may, however, be modified by express or implied agreement. For example, the parties' understanding may be that the freelancer will share in

145 For example, *Comstock*, above note 139 at 55–56; *Greater Glasgow Health Board's Application* (1995), [1996] R.P.C. 207 at 222 (Pat. Ct.). Compare section E(2), "Ownership: Employees," in chapter 2; Y. Gendreau, "La titularité des droits sur les logiciels créés par un employé" (1995) 12 Can. Intell. Prop. Rev. 147 at 153ff.

146 See section E(5), "Changing Ownership and Implying Rights of Use," in chapter 2.

gains made from exploiting the patent or may himself also license the patent on paying the patentee a reasonable royalty. Such an understanding can be given legal effect.¹⁴⁷

5) Co-owners

Provincial law also governs the incidents of ownership, since the Act is silent on them. Without agreement, co-owners can work the patent themselves for their own account and may, except in Quebec,¹⁴⁸ also assign their interest without their co-owners' consent. But a co-owner is entitled to object to dealings that affect its right to exclude, such as adding another permitted user. An assignment to more than one assignee or a licence to someone else to use the patent is void without the co-owners' consent.¹⁴⁹ A co-owner can sue third parties for infringement, but should recover monetary remedies only according to its interest. Thus, a half-owner gets a whole injunction and delivery up, but only half the damages or profits.¹⁵⁰

6) Government Inventions

Governments and Crown corporations can own and acquire patents just as the private sector may. The federal government also owns inventions made by federal employees within the scope of their duties. Included are inventions made with government equipment or financial aid, or "result[ing] from" or "connected with" the employee's duties or employment; these are effectively compulsory takings, since the government does not have to pay the inventor a cent.¹⁵¹ The government can, however, make a discretionary award or waive its ownership rights. In practice, departmental heads act on the advice of an interdepartmental Public Servants Inventions Committee. Since 1993 there have been no ceilings on the amounts of an award, ostensibly to encourage inventiveness and teamwork in the public service.

147 For example, *Goddin & Rennie's Application* (1995), [1996] R.P.C. 141 (Ct. Sess., Scot.).

148 *Marchand v. Pélouquin* (1978), 45 C.P.R. (2d) 48 (Que. C.A.).

149 *Forget v. Specialty Tools of Canada Inc.* (1995), 62 C.P.R. (3d) 537 (B.C.C.A.).

150 *Compare Massie & Renwick Ltd. v. Underwriters' Survey Bureau Ltd.*, [1940] S.C.R. 218 at 243 (copyright); see section E(1)(c), "Joint Authors," in chapter 2.

151 *Public Servants Inventions Act*, R.S.C. 1985, c. P-32, s. 3; *Public Servants Inventions Regulations*, C.R.C. 1978, c. 1332; *Mansfield v. M.N.R.* (1962), 23 Fox Pat. C. 19 at 29 (Tax Appeal Bd.).

Federal employees or federal Crown corporation employees who invent instruments or munitions of war are bound to secrecy if the Ministry of National Defence decides that the invention should be assigned to it. This will certainly occur with inventions vital to Canada's defence, where publication would prejudice public safety. The specification and eventual patent may be kept secret, but good faith infringers cannot be sued and can be licensed if secrecy is lifted. Less coercive procedures apply to inventions relating to the production, application, or use of atomic energy. These go to the Atomic Energy Control Board before being laid open or examined by the PO.¹⁵²

F. OWNER'S RIGHTS

The patentee has the exclusive right of "making, constructing and using the invention and selling it to others to be used."¹⁵³ Anyone doing any of these acts in Canada without the patentee's consent infringes the patent.

Since the right affects people's liberty to trade, one might expect the words "making, constructing" and so on to be carefully delineated so that anything done outside them would be lawful, however adverse its economic impact on the patentee.¹⁵⁴ Instead, Canadian courts often resort to U.K. precedents on quite different language. Pre-1978 U.K. patents let patentees "enjoy the whole profit and advantage . . . accruing by reason of the said invention." Everyone else was, by the language appearing in the patent itself, excluded "either directly or indirectly" from using the invention without consent. Moreover, the patent itself urged that it be "construed in the most beneficial sense for the advantage of the patentee." All this encouraged U.K. courts to construe the monopoly expansively. Canadian courts followed suit, even though the Canadian Act lacked the U.K. language.¹⁵⁵ Even today some courts mimic old British *dicta* to the effect that any act that "interferes with the full enjoyment" of the monopoly infringes.¹⁵⁶ This approach may have made

152 P Act, above note 1, ss. 20–22.

153 P Act, *ibid.*, s. 42.

154 *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11 (Fed. Cir. 1984); A. Benyamini, *Patent Infringement in the European Community* (Weinheim, Germany: VCH, 1993) at 60, on European patents.

155 For example, *Colonial Fastener Co. Ltd. v. Lightning Fastener Co. Ltd.*, [1937] S.C.R. 36 at 40–41 [*Colonial*].

156 *Wellcome Foundation Ltd. v. Apotex Inc.* (1991), 39 C.P.R. (3d) 289 at 315 (Fed. T.D.), *aff'd (sub nom. Apotex Inc. v. Wellcome Foundation Ltd.)* (1995), 60 C.P.R. (3d) 135 at 153 (Fed. C.A.) [*Wellcome v. Apotex*].

sense when courts in Canada were controlled by the Privy Council in Westminster. The mainly British judges who sat on this court looked at Canadian patent law through British eyes. Today it is better simply to read and apply the words of the Canadian Act directly, presumably in a "fair, large and liberal" way so as to make the monopoly meaningful.¹⁵⁷ Otherwise, applying British glosses on one set of words to interpret a different set of words in a Canadian statute is otiose. U.K. jurisprudence need not be ignored, but neither need it be slavishly followed.

1) General

There are obvious overlaps in the broad language of the patent grant: "making, constructing and using the invention and selling it to others to be used." For example, to build a patented machine is to "make" or "construct" it, and also to "use" the invention. The common thread is that the activity is usually for commercial purposes — to make a profit or to further the actor's business interests, for the "market place is the sole preserve of the patentee."¹⁵⁸ Only activities the patentee ought to control or profit from can be stopped. To import a patented product for tinkering, or to copy a patented invention for research or experiment, should be acceptable in principle because patents are there to encourage knowledge to be disseminated and built on — and not just by patentees. Inventors may conceive or give birth to new technologies, but they cannot control how their brainchildren develop. Things change, however, the moment experiment stops and preparation for marketing starts, for this is commercial exploitation within the patentee's right to profit from ("use") its invention.¹⁵⁹ The operation of these particular rights will be examined against this background.

2) Use

"Use" includes operating a patented machine, working a patented process for business reasons, or even doing acts preparatory to selling a patented product. Mere possession may not be use, but a business that possesses a patented product for trade may be presumed either to have used it or to intend to use it, unless it shows the contrary. A carrier who trans-

157 *Interpretation Act*, R.S.C. 1985, c. 1-21, s. 12.

158 *Smith Kline & French Laboratories Ltd. v. N.Z. (A.G.)*, [1991] 2 N.Z.L.R. 560 at 566 (C.A.).

159 See section H, "Users' Rights: Free Use," in this chapter.

ports another's article can successfully rebut the presumption that it is using the article.¹⁶⁰

"Use" applies both to patented products and processes, and also to their output. A patent that covers a zipper-making machine or method extends to zippers made by the machine or method. Each zipper sold without authority infringes the patent, even if the zippers themselves are unpatented.¹⁶¹ This expansive doctrine applies, however, only if the patent plays an important part in production. Just because a patented hammer beats out some machine part does not mean that the patentee has any recourse against the finished product.¹⁶²

Where the product obtained from a patented process is itself new, there is a presumption that the same product from elsewhere has been made by the patented process. A defendant infringes unless it shows that its process was non-infringing.¹⁶³ The presumption applies whether the product is or is not patentable, or if any product claim is invalid. Whether the product is the "same" is decided robustly. Chemical compounds may still be the same even if their purity levels differ.¹⁶⁴

3) Sale

Selling the patented product or process at any level of distribution is a right reserved to the patentee. A buyer from the patentee or authorized licensee may resell or do what it likes with the product or process, unless a restriction was validly imposed and clearly brought to the buyer's notice at the time of sale.¹⁶⁵ Otherwise, each unauthorized sale is itself an infringement. Suppose a manufacturer, without the right-holder's consent, sells a patented product to a distributor, who sells it to a retailer, who in turn sells it to a consumer, who uses the product: each seller infringes, as does the consumer by using the product, whether or not the parties know they are infringing. Selling the patented article in kit-set form for the buyer to assemble is also infringement.¹⁶⁶ But merely offering or advertising the product for sale may be permitted, for, if noti-

160 *Pfizer Corp. v. Minister of Health*, [1965] 1 All E.R. 450 (H.L.) [*Pfizer*].

161 *Colonial*, above note 155.

162 *Wilderman v. EW Berk & Co.*, [1925] Ch. 116 [*Wilderman*]. See section F(3), "Imports of Products of Patented Machines or Processes," in this chapter.

163 *P Act*, above note 1, s. 55.1.

164 *Wellcome v. Apotex*, above note 156.

165 *Eli Lilly & Co. v. Apotex Inc.*, (1996), 66 C.P.R. (3d) 329 at 343 (Fed. C.A.); *National Phonograph Co. of Australia Ltd. v. Menck*, [1911] A.C. 336 (P.C.) [*Menck*]; *Roussel Uclaf S.A. v. Hockley International Ltd.*, [1996] R.P.C. 441 (Pat. Ct.).

166 *Trilantic*, above note 97.

fied, the offeror could withdraw the product from sale.¹⁶⁷ A patentee who reasonably fears that the offeror would disregard a notice may nonetheless be entitled to a *quia timet* injunction.

The sale must be made in Canada. A U.S. company that took orders from Canadian buyers and sold free on board from a U.S. source was therefore held not to infringe a Canadian patent. The sales contract was concluded in the United States and the property in the goods passed there to the buyer, so no "sale" occurred in Canada.¹⁶⁸ Of course, the buyer may in such a case infringe on importing the goods into Canada for sale. This, however, did not affect the U.S. seller's liability.

4) Imports

The *Act* does not explicitly grant an exclusive right to "import," so importing for a permissible purpose like private experiment or research is presumably lawful.¹⁶⁹ *Quia timet* or anticipatory relief may nevertheless be available against importers who intend to sell or use an imported item that, if made in Canada, would have infringed a Canadian patent.¹⁷⁰ Imports for later sale or distribution may be infringing "uses" as soon as the goods enter the country. The importer need not know or suspect anything about the circumstances of the foreign manufacture, which indeed may be lawful there.¹⁷¹

A patentee who owns patents for the same invention in Canada and another country may be unable to stop imports from that country, unless a condition restricting export was imposed at source. But if the foreign patent is owned by someone else, importing for sale or use may infringe the local patentee's rights. Multinational corporations that want to divide up markets by territory tend to ensure that foreign patents are owned by foreign subsidiaries.¹⁷²

167 *Minter v. Williams* (1834), 1 Web. Pat. Cas. 135 (K.B.).

168 *Domco Industries Ltd. v. Mannington Mills Inc.* (1990), 29 C.P.R. (3d) 481 at 496 (Fed. C.A.), leaving open the question whether concluding the contract of sale in Canada may itself be a "sale" within the prohibition.

169 See section H(1), "Experiments and Research," in this chapter.

170 *Lido Industrial Products Ltd. v. Teledyne Industries Inc.* (1981), 57 C.P.R. (2d) 29 at 38 (Fed. C.A.).

171 *Pfizer*, above note 160; compare *North American Free Trade Agreement*, 17 December 1992 (Ottawa: Supply and Services, 1993), art. 1709(5) [NAFTA]. *Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods*, (1994) 25 I.L.C. 209, art. 28(1) [TRIPs]. Compare section G(10), "Distributing and Importing Infringing Copies," in chapter 2.

172 Compare W.L. Hayhurst, "Intellectual Property as a Non-Tariff Barrier in Canada, with Particular Reference to 'Grey Goods' and 'Parallel Imports'" (1990) 31 C.P.R. (3d) 289.

5) Imports of Products of Patented Machines or Processes

Products made using a patented machine or process infringe the patent, whether the machine is situated locally or abroad. A patent for a machine or a method for making, say, nails or zippers is therefore infringed when those products, made abroad by the machine or method, are imported for sale into Canada.¹⁷³ But furniture fastened by offending nails or clothing containing the offending zippers may be imported without infringing. The role the patent played is probably incidental or comparatively "unimportant or trifling" in the production of the finished article.¹⁷⁴

Complexities arise, however, where a final product undergoes multiple stages of production, each stage being separately patented to a different owner. Can any one owner sue an importer of the final or intermediate product so long as its process is important and not "merely incidental" to its making? It seems so, even if the other patentees are indifferent to the importation.¹⁷⁵ The same may apply to a product patent for an intermediate. An imported derivative may infringe if it is in the same field. For example, an intermediate for making antibiotics may be infringed if the derivative is a medicine, but not if it is a glue.¹⁷⁶

Cases like this raise problems that are insoluble through semantics or logical deduction. On the one hand, some flexibility is necessary to prevent process or intermediate product patents from being easily evaded by importers of partly processed goods for local finishing. On the other hand, the holder of a subsidiary patent should not have substantially better remedies against imported products than it would if the product were made locally. This thought prompted a British court, even before European patent law was applied in the United Kingdom, to react coolly to the way British law had developed until then. Perhaps it would be better if imported products had to meet the standard test for substantial infringement: Was the import a mere variant of the product resulting from the patented process or the intermediate? If so, it infringed; if not, it could lawfully be imported for sale.¹⁷⁷

173 *United Horse-Shoe & Nail Co. Ltd. v. Stewart* (1888), 13 App. Cas. 401 (H.L.); *Colonial*, above note 155; *Halocarbon (Ont.) Ltd. v. Farbwerke Hoechst AG*, [1974] 2 F.C. 266 (T.D.), uncontested on appeal (*sub nom.* *Farbwerke Hoechst AG v. Halocarbon (Ont.) Ltd.*), [1979] 2 S.C.R. 929 [*Farbwerke*].

174 *Wilderman*, above note 162 at 127.

175 *Wellcome v. Apotex*, above note 156, following *Saccharin Corp. Ltd. v. Anglo-Continental Chemical Works*, [1901] 1 Ch. 414.

176 *Beecham Group Ltd. v. Bristol Laboratories Ltd.* (1977), [1978] R.P.C. 153 at 204 (H.L.) [*Beecham*]. The majority, however, left the point open.

177 *Beecham*, *ibid.* at 201, as interpreted in *Catnic*, above note 120 at 243.

A Canadian court might well adopt this last approach. It is similar to the rule found in Europe and in *TRIPs*, where only products obtained directly from a patented process infringe.¹⁷⁸ By contrast, the U.S. law of 1988 excepts only products that are “materially changed by subsequent processes” or that become “a trivial and nonessential component of another product.”¹⁷⁹ A U.S. process patent for treating textiles could extend to imported dresses made from the textile, while a European patent probably would not. The U.S. rule is as much a product of U.S. economic policy as the European rule is based on what Europeans perceive as beneficial to their economy. What rule is appropriate for Canada is less clear. The path of caution may be to follow the European rule, since that presumably compensates the patentee fairly, while not unduly extending the monopoly. If a wider rule was warranted, Parliament could enact it.

6) Substantial Infringement

Assume that a prohibited act — making, selling, using, etc. — has occurred without a patentee’s consent. We must still ask whether this happened in relation to a claim in the patent. Was a claimed product sold? Was a claimed process used?

This question may be easy to answer where the claims are crystal clear and the defendant’s activity falls dead centre within them. More often the claims are opaque or the defendant’s activity is off centre, sometimes even improving the patented invention. The patentee will then assert that the defendant substantially infringed by doing much the same thing in much the same way to achieve the same result.¹⁸⁰ Or, as it is sometimes put, did the defendant take the invention’s “essence” or “pith and marrow”? If successful, the patentee gets not only the usual remedies for infringement but also the use of the defendant’s improvements, at least if they are unpatented.

Whether a defendant has substantially infringed in this way used to be a question of fact and degree for the jury.¹⁸¹ A number of factors,

178 *EPC*, above note 28, art. 64(2); *TRIPs*, above note 171, art. 28(1)(b).

179 *Patents Act*, 1988, above note 25, §§ 154 & 271(g).

180 *McPhar Engineering Co. v. Sharpe Instruments Ltd.* (1960), [1956–1960] Ex. C.R. 467, following *Graver Tank & Manufacturing Co. Inc. v. Linde Air Products Co.*, 339 U.S. 605 (1950).

181 This process continues to be U.S. law. Claim interpretation is a question of law for the judge; whether the defendant infringed, substantially or otherwise, is a question of fact for the jury: *Markman v. Westview Instruments Inc.*, 116 S.Ct. 1384 (1996); *Hilton-Davis Chemical Co. v. Warner-Jenkinson Co. Inc.*, 62 F.3d 1512 (Fed. Cir. 1995), cert. granted 116 S.Ct. 1014 (1996) [*Hilton-Davis*].

rather like those relevant to substantial infringement in copyright cases,¹⁸² could be taken into account. The crucial difference, of course, was that patents had claims. From the late nineteenth century, the presence of claims started having more influence on findings of substantial infringement, especially as juries were removed from the scene. Judges tried, through legal tests, to bring order and structure out of the disorder and uncertainty of verdicts that may have depended as much on whether the defendant had or had not behaved decently as on what the patent was actually for. This movement had its zenith in 1981 when the House of Lords pronounced that substantial infringement depended solely on what the claims, properly construed, covered. The dichotomy between substantial and literal infringement was false: either there was infringement or there was not.¹⁸³ The supposed objectivity of semantics would replace the subjectivity that multifactor analysis too often entailed. With the better way now pointed out to them, Canadian and other Commonwealth courts dutifully adhered to the new faith.¹⁸⁴

If certainty was the quest, semantics has proved a false grail. This result can best be understood through a simple, hypothetical example. Suppose there is a new recipe for making beef stew. The patentee claims a method that involves adding spices to the chopped meat and vegetables and then cooking the contents in a container in a standard oven for 2 hours at 150°C. An imitator who cooks for 2 hours 1 minute at 149°C clearly infringes. Nobody anywhere has difficulty dubbing this imitation a "colourable" difference or evasion, an "obvious mechanical equivalent," a "sharp practice," or even a "fraud on the patent," to quote just some of the vituperations in which judges have indulged. But suppose someone cooked the mixture for 1 hour at 225°C? Or used lamb instead of beef? Or omitted spices altogether? Or did all three in combination? Do any of these actions infringe?

Courts everywhere have struggled to explain whether and why this activity should or should not be an infringement. The results are inevitably inconsistent.¹⁸⁵ To see why, let us assume that the defendant followed our hypothetical patent precisely, except that she cooked the mixture for 1 hour at 225°C. Something like the following analytical framework may then be used to decide infringement:

182 See section G(9), "Substantial Infringement," in chapter 2.

183 *Catnic*, above note 120.

184 For example, *Hercules*, above note 134 at 488.

185 Compare A.M. Soobert, "Analyzing Infringement by Equivalents: A Proposal to Focus the Scope of International Patent Protection" (1996) 22 *Rutgers Comp. & Tech. L.J.* 189.

- First, isolate what the defendant did. Here she followed the patent, except for the variation of cooking the mixture 50 percent hotter for 50 percent of the time.
- Second, read the patent claim and ask: Do the defendant's acts fall literally within it? If yes, she infringes and that is the end of the case. The answer here, however, is no. Cooking for 1 hour at 225°C is clearly different from cooking for 2 hours at 150°C. So now:
- Does this difference "materially affect" how the invention works? If yes, the defendant does not infringe; if no, she may, depending on further analysis.

Here the difference probably does not materially affect how the invention works. The defendant does everything else the same: ingredients, equipment, heating, object of the exercise. Cooking at higher heats for shorter periods can, within limits, give the same result as cooking lower for longer. The defendant's method may be an improvement because the meal is prepared more quickly, but this feature does not matter: the same principle (tenderizing the meat, amalgamating and heating the ingredients to make an attractive dish) is used.

But this is only a probable answer. It is certainly arguable that reducing cooking time as dramatically as by half is a material difference. Much depends on the level of abstraction chosen. Does the patent cover a method simply of cooking, or of cooking at moderate heat? If the former, the difference between the patent and the impugned acts may be immaterial. If the latter, the difference may be very material. On questions like this, different courts have reached diametrically opposite results on the same patent.¹⁸⁶

Let us accept for argument's sake that the defendant may have infringed. We must then ask two further questions:

- Would the lack of material difference be obvious to someone skilled in the art at the patent's claim date? If no, there is no infringement; if yes, there may be. Let us say yes, for argument's sake: a professional chef would likely know that cooking food hotter for a shorter time would yield the same result. So the final question must be asked.
- Did the patentee intend exact compliance with her claim to be an essential part of her invention? More precisely, would a skilled reader reading the claim in the context of the whole patent have understood

¹⁸⁶ *Improver Corp. v. Remington Consumer Products Ltd.* (1989), [1990] F.S.R. 181 at 191–92 (Pat. Ct.) [*Improver v. Remington*]; *Improver Corp. v. Raymond Industrial Ltd.* (1989), [1990] F.S.R. 421 at 431–33 (H.K.S.C.).

the patentee was excluding immaterial differences? If yes, the defendant has not infringed; if no, she has.¹⁸⁷

The virtuosity of this analytical method can only be admired. And yet, after all of it, we may still be unable to say definitively whether the defendant did or did not infringe our hypothetical cooking patent: any test that depends on divining what any inventor objectively intended to claim remains inherently uncertain. It is just a different sort of uncertainty; perhaps appeal courts find it easier to “correct” this supposed question of law than to work through an amorphous multifactor analysis that tries to balance the comparative merits of the particular patentee and defendant. Under the semantic analysis, whether the defendant knew of the patent or acted independently is irrelevant — although even now some courts cannot refrain from mentioning it as some sort of justification whenever they read a patent expansively. Bromides on construction — for example, we must construe patents in a way that is “neither benevolent nor harsh” but “reasonable and fair to both patentee and public”¹⁸⁸ — take us little further. Perhaps it is “reasonable and fair” to inquire whether the advance was a pioneering invention, producing a new result on new principles, or a mere improvement patent. The former may then be construed more benevolently than the latter, which may be tied down strictly to the particular method.¹⁸⁹

Beyond this point, all seems indeterminate. That the patentee did not expressly say in its claim that cooking “substantially” or “approximately” for 2 hours at 150°C was covered is not in itself fatal, since a skilled reader supposedly can supply all the necessary adverbs. One is invited to speculate why immaterial variants might be excluded. Perhaps a skilled reader might conclude that the inventor did not know that heating temperatures could be radically increased with the same result. Perhaps the inventor might know that they could be increased, but deliberately confined herself to a narrow range lest stipulating more widely might make her invention old or obvious. Perhaps the inventor, for some reason unfathomable to the skilled reader (who is supposed to be unversed in patent law), deliberately chose to limit her claims, maybe to get a quicker and easier ride through the PO. The more plausible such

187 *Catnic*, above note 120 at 242–44, as explained in *Improver v. Remington*, *ibid.* at 189; *Wyeth-Ayerst Canada Inc. v. Canada (Minister of National Health & Welfare)* (1996), 67 C.P.R. (3d) 417 at 421–22 (Fed. T.D.).

188 *Consolboard*, above note 105 at 520; compare *Kastner v. Rizla Ltd.*, [1995] R.P.C. 585 at 593 (C.A.).

189 *Proctor v. Bennis* (1887), 36 Ch.D. 740 (C.A.).

speculations become, the more likely the claims may be "construed" to exclude immaterial differences.¹⁹⁰

The goal of greater certainty has, therefore, not been attained. Courts end up reaching inconsistent results even on the same patent.¹⁹¹ The foreign corporations that hold most Canadian patents are hardly perturbed, since uncertainty works for them when royalties in lieu of litigation are demanded. Local competitors pay up or try to steer clear of shifting perimeters of variable width.

A doctrine of substantial infringement may be a necessary safeguard against "sharp practice," as when 2 hours 1 minute heating time at 149°C is substituted for the claimed 2 hours at 150°C. This hardly justifies the present expansive and uncertain doctrine.¹⁹² After all, patentees and their advisers write their own claims, invariably drafted as broadly as their invention. The document is often peppered with general language: "substantially" this and "approximately" that. Indeed, unchecked by a PO examiner, patentees might claim the moon and beyond. Mistaken underclaims have long been correctable through re-issue, but then the rights of those who may have relied on the narrower grant are safeguarded. This protection is not achieved by the *ex post* "construction" courts put on claims years after the event at trial. Ultimately, a patentee who fails to write its claims "clearly and distinctly" (as the *Act* requires) to cover an activity has only itself and its advisers to blame. It should not ask a court's help to construe ("rewrite") claims *ex post facto* to cover something not earlier thought of or expressed.

G. INVALIDITY

Patents are invalid for "any fact or default which by this *Act* or by law renders the patent void."¹⁹³ The words "by this *Act*" have given little difficulty. They include explicit provisions that say non-compliance makes

190 *Eli Lilly & Co. v. O'Hara Manufacturing Ltd.* (1989), 26 C.P.R. (3d) 1 at 7 (Fed. C.A.); *Improver v. Remington*, above note 186 at 197; *Optical Coating Laboratory Inc. v. Pilkington P.E. Ltd.*, [1995] R.P.C. 145 at 158–59 (C.A.).

191 See the *Improver* cases, above note 186, where the same consumer device did not infringe a European patent in the United Kingdom and Hong Kong (for different reasons), but infringed in Germany and elsewhere in Europe, all courts supposedly applying the same test, *PLG Research Ltd. v. Ardon International Ltd.* (1994), [1995] F.S.R. 116 at 129–33 (C.A.).

192 Compare *Hilton-Davis*, above note 181.

193 *P Act*, above note 1, s. 59 [emphasis added].

a patent void: for example, where the petition contains an untrue "material allegation" or the specification is deliberately misleading.¹⁹⁴ Courts have also held that the *Act* implicitly renders the patent void for other defaults: for example, where there is no "invention" at all; where the invention is not new, properly disclosed, or useful; or where the claims are ambiguous or overbroad.

These examples do not exhaust the possibilities. The words "by law" emphasized above suggest there may be common law grounds for invalidity outside the *Act*'s four corners.¹⁹⁵ The grounds are not raised much nowadays either because they are overlooked or because they overlap with grounds in the *Act* itself. A patent may be granted for an invention patented earlier ("double-patenting"). It may be granted for a broader and different invention than originally applied for. The grant may be tainted by lies in the application process which led to a favourable exercise of discretion. All these defaults may by law make a patent void, even though the *Act* says nothing about them.¹⁹⁶ The categories of invalidity "by law" may indeed not be closed. Any substantial and serious enough reason may do. Suppose, for example, that a microbiological invention can be worked only by using samples of the culture referred to in the patent. A patentee who does not make samples available for experiment when the specification is published has not given the public a key part of what a patent is granted for. This may be enough to avoid the patent, since the common law is "sufficiently flexible for the court to be able to formulate a new ground of repeal or revocation to meet a new situation."¹⁹⁷

Complex arguments about interpretation or invalidity can theoretically be avoided by showing that a user is doing something that was not new at the claim date. Suppose the user can point to a piece of prior art — a patent, publication, or device — that discloses the same activity that the user is pursuing. Or suppose the user shows that its activity is just an obvious mechanical equivalent or improvement of the prior art. Logically, then, the user cannot be infringing. Either the patent sued on must be anticipated or obvious, or its claims do not cover the user's

194 *P Act*, *ibid.*, s. 53(1); see section A(5), "The Application Must Be Truthful," in this chapter.

195 W.L. Hayhurst, "Grounds for Invalidating Patents" (1975) 18 C.P.R. (2d) 222, provides an enlightening discussion.

196 *R. v. Mussary* (1738), 1 Web. Pat. Cas. 41 (K.B.); *Martin*, above note 9 at 222–23; *Prestige*, above note 22.

197 *Re American Cyanamid Co. (Dann's) Patent* (1970), [1971] R.P.C. 425 at 436 (H.L.).

activities. Whatever the reason, there can be no infringement. This way of running a case even has a name: the *Gillette* defence.¹⁹⁸ It supposedly saves costs, but few lawyers are brave enough to run it as their sole defence. One must be very sure of a holeproof basket before putting all one's eggs in it.

H. USERS' RIGHTS: FREE USE

Anyone can work an invalid patent. For valid patents, fairly liberal exemptions are, as for copyrights, allowed by international law.¹⁹⁹ Some exemptions in Canadian law are statutory.²⁰⁰ Others arise from the limits judges have put on the words "make, use, construct," and so on, of the patent monopoly. As with copyrights, these exemptions let some "fair uses" occur, so the patent laws, like those of copyright, do not become "instruments of oppression and extortion."²⁰¹

1) Experiments and Research

A major purpose of the patent law is to disclose technology for others to experiment with and build on, perhaps even themselves obtaining patents for advances in the art. Any use, manufacture, construction, or sale "solely" for experiments that "relate to the subject-matter of the patent" may be permitted.²⁰² A product may be made or a process may be used on a small scale if the defendant's purpose is to evaluate whether or how the invention works.²⁰³ Acts beyond that, however, infringe. Thus, sales or purchases "on approval," where no payment is owed unless the product or process works, infringe.²⁰⁴

198 *After Gillette Safety Razor Co. v. Anglo-American Trading Co. Ltd.* (1913), 30 R.P.C. 465 at 480-81 (H.L.), where it was authoritatively expounded.

199 NAFTA, above note 171, art. 1709(6); TRIPs, above note 171, art. 30.

200 Including perhaps experiments and private non-commercial use, recognized in a backhand way in s. 55.2(6) of the *P Act*, above note 1, which says "[f]or greater certainty" that the specific exemption in s. 55.2(1) relating to obtaining official product approval "does not affect any exception" to a patent "that exists at law" for experiments and private non-commercial use.

201 *Canadian Assn. of Broadcasters v. Society of Composers, Authors & Music Publishers of Canada* (1994), 58 C.P.R. (3d) 190 at 196 (Fed. C.A.); *Micro Chemicals Ltd. v. Smith Kline & French Inter-American Corp.* (1971), [1972] S.C.R. 506 [Micro].

202 *P Act*, above note 1, s. 55.2(b). Compare *Patents Act*, above note 28, s. 60(5), (6).

203 *Muntz*, above note 138 at 101.

204 *Proctor v. Bayley* (1888), 6 R.P.C. 106 at 109 (Ch.), appeal dismissed (1889), 6 R.P.C. 538 (C.A.).

Experimental activities that, pre-patent, would not prevent its grant²⁰⁵ are presumably also allowable post-patent. This does not, however, cover the full extent of the exemption. Experiments for “the gratification of scientific tastes, or for curiosity, or for amusement” may also be allowed.²⁰⁶ So may experiments to test the patent, to see whether it may be improved, or even to see whether the user can make a quality commercial product according to the specification, if done in good faith and not to make money from the experiment.²⁰⁷ Similarly, field tests to discover a product’s unknown properties, to test a hypothesis, or to discover “whether something which is known to work in specific conditions, e.g. of soil or weather, will work in different conditions,” are acceptable. Tests to demonstrate a product to a prospective customer are not.²⁰⁸ *Quia timet* relief is available against the impending commercialization of an experimental use.²⁰⁹

2) Government Product Approval

Many products (e.g., medicine, chemicals, and explosives) cannot be made or sold without prior government approval for public safety or health reasons. It may be helpful or even necessary to use something patented to develop and submit information to solicit approval. The *Act* allows a patent to be employed for uses reasonably related to these purposes. The approval may be needed by federal, provincial, or foreign law (e.g., for exports from Canada) and can relate to any product, not just the one the patent is used for.²¹⁰ This exemption, however, applies only to products, not to methods or processes.

3) Stockpiling

Competitors are often impatient to work the invention as soon as the patent expires. They can buy or make the separate elements of a patented combination and ready it for assembly without infringing, but

205 See section C(1)(d), “Experimental Uses,” in this chapter.

206 *Roche Products Ltd. v. Bolar Pharmaceutical Co. Inc.*, 733 F.2d 858 at 862 (Fed. Cir. 1984).

207 *Micro*, above note 201. Compare *Integrated Circuit Topography Act*, S.C. 1990, c. 37, s. 6(2)(a) [ICT Act], allowing making or copying of topographies for research and analysis; *Dableh*, above note 113.

208 *Monsanto Co. v. Stauffer Chemical Co.*, [1985] R.P.C. 515 at 542 (C.A.); *Upjohn Co. v. T. Kerfoot & Co. Ltd.* (1987), [1988] F.S.R. 1 (Pat. Ct.).

209 *Cochlear Corp. v. Cosem Neurostim Ltee* (1995), 64 C.P.R. (3d) 10 (Fed. T.D.).

210 *P Act*, above note 1, s. 55.2(1).

they cannot make the product or machine and then stockpile it to be ready for sale or use the minute the patent expires. Making and selling are independent rights granted only to the patentee. Since patentees need time to market the invention after the patent application is filed, some think it only fair that competitors should be similarly handicapped when the patent expires, so the patentee benefits from as much of the twenty-year term as it can. Competitors who rush ahead can be enjoined.²¹¹

An exception exists for patented products (not processes) that fall within the government approval exemption.²¹² Provided regulatory approval is required and sought, this material may be stockpiled for immediate sale once the patent expires.²¹³ This exemption, like the one for government approvals, was enacted in 1993 as part of the provisions that eliminated compulsory licensing for medicines. It provides that stockpiling must occur "during the applicable period provided for by the regulations."²¹⁴ This does not imply that the issue of regulations is a precondition to the operation of the exemption. The only regulations to date apply to patented medicines, so other material may apparently be stockpiled without constraint pending government approval.

The exemption is today regularly used by generic drug makers who can, during the patent period, apply for regulatory approval, with supporting samples, and stockpile the drug for sale once the patent expires. However, Health and Welfare Canada cannot issue a notice of compliance, allowing the drug to be sold, until the patent expires.²¹⁵ A generic drug maker may ask for earlier approval if it alleges that the patent is invalid or expired or if its proposed manufacture would not infringe. The patentee can stop an early notice, if the allegations are not "justified," by asking the Federal Court for an order of prohibition against Health and Welfare. The court proceedings should normally be decided within thirty months, so this is no substitute for the full-scale trial on infringement or validity that the parties can resort to in parallel proceedings. If the court agrees that the allegations are not justified, it will prohibit the immediate issue of the notice of compliance.

211 *Procter & Gamble Inc. v. Colgate-Palmolive Canada Inc.* (1995), 61 C.P.R. (3d) 160 (Fed. T.D.).

212 See section H(2), "Government Product Approval," in this chapter.

213 *P Act*, above note 1, s. 55.2(2).

214 *P Act*, *ibid.*

215 *P Act*, *ibid.*, s. 55.1(2)-(5); *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, s. 7(1)-(2).

The system has engendered a raft of litigation seeking to test every possible loophole.²¹⁶ The decades-old enmity between proprietary and generic drug companies has found a new battlefield.

4) Private Non-commercial Use

Acts "done privately" either "on a non-commercial scale" or "for a non-commercial purpose" are apparently allowed.²¹⁷ This reflects a common law exemption, dating back to the nineteenth century, which permitted patents to be used not only for experiments but for private amusement or for making models.²¹⁸ Presumably, today, a parent could make a stroller for her child or children without worrying about patent infringement. Presumably, too, any private individual could act similarly to benefit herself, her family, and her immediate friends. But once word of her aptitude in making strollers got around and her private hobby started becoming a cottage industry supplying remoter friends and neighbours, her activities would come under the patent.

The exemption may also benefit some business activities. It contemplates that private acts, though done for a commercial purpose, may occur on a non-commercial scale and still be exempted. Whether businesses will be treated as generously as private individuals may, however, be doubted.²¹⁹ If a patented product imported by a private individual was allowed as a private non-commercial act,²²⁰ it does not follow that a business could import a major piece of capital plant and claim exemption on the basis that buying one unit is acting on a non-commercial scale. Whether it could import the occasional piece of furniture for its office from an offshore mail-order house is equally doubtful. Viewed in isolation, the purchase is on a non-commercial scale, but, if many businesses bought like this, a local patentee could be seriously prejudiced. A court may welcome Parliament's recognition that businesses can, like individuals, sometimes be entitled to an exemption. It may, however,

216 *Eli Lilly & Co. v. Novopharm* (1995), 60 C.P.R. (3d) at 427-30 (Fed. T.D.), summarizes the principles to date.

217 *P Act*, above note 1, s. 55.2(6) (the French version is clearer than the English); similarly the *ICT Act*, above note 207, s. 6(2)(d). In Europe too, "[acts] done privately and for purposes which are not commercial" are exempt: compare *Patents Act*, above note 28, s. 60(5)(a).

218 *Jones v. Pearce* (1832), 1 Web. Pat. Cas. 122 at 125 (K.B.).

219 *P Act*, above note 1, section 55.2(6), refers to any exception "that exists at law" and is said to be inserted "[f]or greater certainty."

220 Contrary to *United Telephone Co. v. Sharples* (1885), 29 Ch.D. 164 [*Sharples*].

draw the line at the point where the user's activity deprives the patentee of a sale or licence fee that the patentee ought fairly to have.²²¹

5) Education

A nineteenth-century English case holds that importing an infringing product to train the importer's potential employees or apprentices on its workings infringed the patent.²²² The training there was for the employer's business purposes, so the case leaves open whether uses for non-profit educational purposes infringe. Canadian courts could develop an exception covering educational uses, along the lines that the *Integrated Circuit Topography Act* provides for topographies. The *ICT Act* prohibits import or commercial exploitation, but making or copying the topography to teach others or oneself is allowed, even where the teaching is for profit.²²³

6) Repairs and Modifications

A patented article may be repaired, modified, or customized without infringement. Extensive repairs or changes that amount to reconstructing the article substantially, however, infringe the patentee's right to "make" or "construct" the invention.²²⁴ Whether an activity is repair or modification, on the one hand, or reconstruction, on the other, is a factual issue that depends on what the patent claims, the nature of the patented article, and the character of the work done on it. Refilling a patented printer cartridge with toner and necessarily replacing any worn parts may be repair. Replacing the whole cartridge is not: "the office boy does [not] repair the water cooler when he replaces the empty water bottle with a new one."²²⁵

221 Compare topography rights, where private copying or making for non-commercial purposes is exempted, but importing or commercial exploitation is not: *ICT Act*, above note 207, ss. 6(2)(d) & 3(2).

222 *Sharples*, above note 220.

223 *ICT Act*, above note 207, ss. 6(2)(a) & 3(2).

224 *British Leyland Motor Corp. Ltd. v. Armstrong Patents Co. Ltd.*, [1986] A.C. 577 (H.L.).

225 *Canon Kabushiki Kaisha v. Green Cartridge Co. (Hong Kong) Ltd.*, [1995] F.S.R. 877 at 900 (H.K.S.C.), rev'd on other grounds (*sub nom. Green Cartridge Co. (Hong Kong) Ltd. v. Canon Kabushiki Kaisha*) (1996), 34 I.P.R. 614 at 630 (H.K.C.A.); *Solar Thomson Engineering Co. Ltd. v. Barton*, [1977] R.P.C. 537 at 555 (C.A.); *Hazel Grove (Superleague) Ltd. v. Euro-League Leisure Products Ltd.*, [1995] R.P.C. 529 at 540-41 (Pat. Co. Ct.). See also section D(2), "Whom to Sue," in chapter 5.

The public has a strong interest in saving scarce resources, in having a strong competitive aftermarket in reconditioning and reselling used goods and in providing unpatented replacement parts, and in counter-acting strategies for built-in obsolescence that many manufacturers practise. This interest was recognized as far back as the 1930s, when automobile spark-plug manufacturers failed to close down an industry in reconditioning the plugs. The work was there labelled repair rather than reconstruction.²²⁶ Perhaps the ultimate question is whether, in the light of the public interests noted, the patentee has been unfairly deprived of a sale.

It is an interesting question whether the patentee can stop or control repairs or changes short of reconstruction by restrictions notified to the buyer on the initial sale.²²⁷ In the United States and Europe, patentees cannot control the aftermarket because their rights are exhausted in respect of a product on first sale, on which they get their full profit. Although this idea may apply in Canada in respect of trade-marked goods,²²⁸ the pre-EPC British theory that a buyer's right to repair depends on an implied licence from the patentee has been followed for patents in Canada.²²⁹ This practice suggests that Canadian patentees may indeed modify or eliminate the implied licence. No good reason (other than maximizing profits beyond what a U.S. or European patentee can earn) exists why Canadian patentees deserve this advantage. If this rule represents Canadian law, the only legal curbs on a patentee's power to control the aftermarket in these respects are the weak laws on anti-competitive practices and patent abuse.²³⁰

7) Visiting Ships, Aircraft, and Vehicles

A patent is not infringed if the invention is employed exclusively for the needs of a ship, vessel, aircraft, or land vehicle that enters Canada temporarily or accidentally, but goods cannot be manufactured on the craft for sale in or export from Canada.²³¹ The "needs" of the craft go beyond the bare necessities of navigation and should cover equipment adapted for the craft involved — for example, pipe-laying equipment for a pipe-

226 *A.C. Spark Plug Co. v. Canadian Spark Plug Service*, [1935] Ex.C.R. 57 [A.C.] (trade-marks).

227 Buyers and sub-buyers are bound only by those restrictions brought to their attention at the time they acquire the patented material: *Menck*, above note 165.

228 A.C., above note 226.

229 *Rucker Co. v. Gavel's Vulcanizing Ltd.* (1985), 7 C.P.R. (3d) 294 (Fed. T.D.).

230 See section 1(2), "Abuse," in this chapter.

231 *P Act*, above note 1, s. 23.

laying ship. But if the ship starts using such equipment in Canadian waters, its presence here presumably will no longer qualify as “tempor[ary] or accident[al]” and the exemption will not apply.²³²

8) Existing Uses

Suppose A makes or uses an invention B later patents. Had A’s invention become publicly available, B’s patent is invalid for lack of novelty.²³³ But A may have kept its use out of the public eye. Can the use continue despite B’s patent?

The answer is a qualified yes. As in many other systems, good-faith acquirers or independent inventors are personally protected in respect of acts done before a patent’s claim date. If, before then, A “purchased, constructed or acquired” anything that later fell within a patent claim, A can keep using or selling the specific thing. A cannot, however, expand its use by “making” or “constructing” fresh examples.²³⁴ If A built or bought a machine or used a process at the claim date, A can keep using it and using and selling its output despite the patent; but no further machine can be built if the patent claims a machine.²³⁵ Goods are “purchased” or “acquired” where the buyer became their owner before the claim date. Goods then in an undeliverable state and (apparently) future or unascertained goods therefore infringe the patent, even though an agreement to buy was concluded before the claim date.²³⁶

The exemption protects good-faith acquirers, inventors, and investors against adverse claims. The idea is not to make lawful acts retrospectively unlawful. Nor does it seem right that A has to pay a patentee for teaching A something that A already knew and used. But the exemption has its rough edges. It has been applied to goods still outside Canada at the claim date, but not to offshore processes or their products. So while A can continue using a process worked in Canada and selling its output, the same does not apply to an offshore process. A cannot start

232 Benyamini, above note 154 at 283–86.

233 See section C(1), “Novelty,” in this chapter.

234 *P Act*, above note 1, s. 56(1). The relevant date used to be when the specification was published (before 1989, when the patent first issued). Post-NAFTA, this date became the claim date. Pre-1994 patents are governed by the relevant pre-1994 law: ss. 56(2)–56(4), R.S.C. 1985, c. P-4, prior to amendment by NAFTA I A, above note 32.

235 *Libbey-Owens-Ford Glass Co. v. Ford Motor Co.*, [1969] 1 Ex.C.R. 529, aff’d [1970] S.C.R. 833.

236 *Merck & Co. v. Apotex Inc.*, [1995] 2 F.C. 723 (C.A.); compare *Barber v. Goldie Construction Co. Ltd.*, [1936] O.W.N. 384 (C.A.) (contract to build bridge exempt).

using a process in Canada even if A or anyone else worked it abroad before the claim date, and, apparently, A has to cease importing for use or sale products made by the process.²³⁷

1. USERS' RIGHTS: PAYING USE

1) Government Use

Before NAFTA, the *Patent Act* did not bind either the federal or the provincial governments. The federal government could use a patent whenever it wanted, but had to pay reasonable compensation as fixed by the Commissioner of Patents. This immunity disappeared in 1994. The federal and provincial governments are now bound by the *Act*.²³⁸ To use a patent, they must usually first negotiate with the patentee. Only if this does not work can they then apply to the Commissioner for a non-exclusive right to use the invention domestically.²³⁹ Negotiations can be skipped only for "public non-commercial" uses — for example, building a bridge where any tolls only amortize building and finance costs. Governments may even have to apply to the Commissioner for authority in cases of national emergency or extreme urgency;²⁴⁰ but in real life it is hard to imagine a government sending its lawyers off to the PO before dealing with a life-threatening situation.

The patentee is entitled to "adequate" remuneration, as fixed by the Commissioner, presumably what sum a willing licensor and licensee would notionally have agreed for Canadian rights.²⁴¹ The licence will be tailored in scope and duration to the government's necessities, but can, on the patentee's request, be terminated when the government no longer needs it.²⁴²

2) Abuse

Patents in Canada have never been granted unconditionally. If a patentee abuses its rights, the patent can be compulsorily licensed to others at a reasonable royalty or, as a last resort, may be revoked. Patent abuses

237 *Farbwerke*, above note 173.

238 *P Act*, above note 1, s. 2.1.

239 *P Act*, *ibid.*, ss. 19(1), (2)(b) & (c); s. 19.1(1) & (6).

240 *P Act*, *ibid.*, s. 19.1(2).

241 *P Act*, *ibid.*, s. 19(4); *Re Pathfinder Camping Products Ltd.* (1982), 65 C.P.R. (2d) 119 (Commissioner of Patents).

242 *P Act*, *ibid.*, ss. 19(2)(a) & 19(5).

may also violate the provisions of the *Competition Act* and can be stopped by the Competition Tribunal, or may sometimes even constitute torts against affected competitors.

Patentees have always fought the idea that they should somehow be accountable for how they choose to use or not use the "property" they have bought from the PO. Does the state tell landowners to work their land on pain of forfeiture or the imposition of a compulsory lease? Perhaps in some backward countries where the patent system is equally backward, but not Canada. Why should patentees be worse off than landowners? The obvious answer is that there is property and property. What is historically and socially acceptable for land may not be so for patents. Historically, patents from earliest times were granted to encourage new industry and to improve the community's quality of life through the availability of new technologies. Full disclosure by publishing the specification at the PO, though important, came only in the nineteenth century and, without practical deployment of the new technology, was but a modest benefit.

From Confederation until very recently — in fact until NAFTA — Canada's explicit policy was to encourage local manufacture of patented products. Until the 1930s the patentee could meet local demand through imports for a maximum of two years only. Local manufacture had to commence within that period, with a possibility of extension. Local licensing on reasonable terms became an option from the turn of the twentieth century. Non-compliance would invalidate the patent. Thus the Bell Telephone Co.'s telephone patent was revoked in 1885 when the minister of agriculture determined that local assembly of telephones from U.S.-made parts did not qualify as local manufacture.²⁴³ The policy was refined in the patent revision of 1935. Failure to work or license a patent became one of a list of specified "abuse[s]" of patent rights, but revocation was now a last resort. The standard remedy was compulsory licensing at a reasonable royalty if the Commissioner of Patents found an abuse proved. Proceedings were initiated by any "interested" person (typically an intending competitor) or the attorney general of Canada, and the Commissioner's actions were appealable to the exchequer (now the federal) court.²⁴⁴

This is essentially the system in force today. It has been only moderately successful. The threat of intervention has not scared many patentees off. Proceedings have been prolonged and expensive; appeals are

243 *Re Bell Telephone Co.* (1885), 9 O.R. 339 (C.P.).

244 *The Patent Act*, 1935, S.C. 1935, ss. 65–70.

de rigueur; patentees, when alerted, often correct the abuse and retaliate against offending applicants. Of the fifty-three applicants who persisted between 1935 and 1970, only eleven got relief.²⁴⁵ Today hardly anybody bothers trying; since *NAFTA*, patentees can manufacture abroad as they like and can meet local demand entirely through imports. A made-in-Canada for-Canada policy extant since Confederation has been completely reversed.²⁴⁶ Only four things remain as abuses:

- failure to meet local demand for a patented article on reasonable terms;
- prejudice to an existing or future local trade or industry because a patentee is not granting licences on reasonable terms, and it is in the public interest to grant licences;
- unfair prejudice to local trade or industry because of conditions attached by a patentee;
- prejudice to the manufacture, use, or sale of unpatented materials used in a process or a process-dependent product patent occurring because, for instance, a patentee is compelling licensees to buy unpatented material from the patentee.²⁴⁷

Ironically, patentees probably have more to fear from U.S. law than from Canadian law, since U.S. courts have little compunction in applying U.S. anti-trust law extraterritorially. U.S. corporations, whose Canadian subsidiaries had used their patents to exclude competing imports into Canada, were enjoined from participating in this conspiracy to violate U.S. anti-trust law and were liable for treble damages to the injured competitor. Prohibitions on exports imposed on U.S. licensees may also be an abuse that prevents enforcement of the U.S. patent.²⁴⁸

245 Economic Council of Canada, *Report on Intellectual and Industrial Property* (Ottawa: Information Canada, 1971) at 67–68.

246 *Patent Act*, R.S.C. 1985, ss. 65(2)(a)–(b) & 65(4), as rep. by *NAFTA I A*, above note 32, s. 196.

247 *P Act*, above note 1, s. 68(2).

248 *Zenith Radio Corp. v. Hazeltine Research Inc.*, 395 U.S. 100 (1969).

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TRADE-MARKS

Trade-marks and trade-names are protected both at common law and under the *Trade-marks Act*.¹ This chapter focuses on trade-mark protection under the *Act*, but also mentions available common law protection.

A. INTRODUCTION

Trade-marks are commonly classified as intellectual property, but there is nothing intellectual about them at all. Despite the blandishments of Madison Avenue and its Canadian counterparts, the law does not treat trade-mark production as intellectual. A mark may be a prosaic word or device. It may be thought of independently, or it may be someone else's idea. None of this matters. Nor do any rights to a mark flow from mere creation: the EXXON trade-mark was denied a copyright despite the enormous time and money proved to have been spent in selecting and securing it worldwide.² Only use or its surrogates — public recognition or an intention to use — create rights, and then not in the creator but in the person behind the use, intent, or creation of public recognition. Of course, later creativity may give rise to other rights — making a fancy

1 R.S.C. 1985, c. T-13 [T Act], including the *Trade-mark Regulations*, 1995, SOR/96-195 [TR]; in this chapter it is called the “Act.”

2 *Exxon Corp. v. Exxon Insurance Consultants International Ltd.* (1981), [1982] Ch 119 (C.A.). See section C(1), “Originality,” in chapter 2.

design involving the word or producing a television commercial featuring it may attract copyright — but this is a separate issue.

Those uncomfortable with the “intellectual” epithet sometimes more aptly call these assets *industrial* property. This term signals their essentially commercial and profit-making character. But the *property* part of *industrial property* can still seriously mislead. True, trade-marks may be sold or licensed, pass in bankruptcy, or be “interests” under bulk sales laws; even innocent infringers can be enjoined. But they are not property in the full legal sense. An “owner” does not and should not have the right to exclude others from all or even most uses. The EXXON mark owner cannot stop the use of the word in this book or in other media. It cannot stop Shell saying its products are “cheaper than EXXON” (if they are). Nor has this property the stability associated with other property rights. Indeed, it is precisely when an owner starts treating its trade-marks as its property that it runs into trouble. Rights in EXXON may in law disappear if the mark is unused, if it is licensed without its owner controlling what products it is marked on, if it changes in character (e.g., from a manufacturer’s mark to a distributor’s mark), or if it becomes generic (perhaps “an exxon” to signify a massive marine pollution disaster?).³

Descriptively, therefore, trade-marks are not fully property; at common law, they cannot be saved from misappropriation or the ravages of some amorphous unfair competition. This has been a deliberate policy choice. The Supreme Court, for one, has cautioned against curtailing the “perceived benefits to the community from free and fair competition” by expanding the common law (particularly the passing-off action) beyond the protection of “the community from the consequential damage of unfair competition or . . . [trade].” But “unfair competition or trade” was no catch-all for any activity a judge thought distasteful: only misrepresentations that would likely cause public deception or confusion were covered.⁴ Yet “misappropriation” and “unfair competition” continually crop up as magic solvents in legal and judicial discourse, whatever the Supreme Court says. Some judges have distinguished common law policy from that of the *Trade-marks Act*: the latter is there precisely “to prevent unfair competition and the misappropriation of intellectual property.”⁵ From this incantation it is seen as no leap

3 See section B(2)(b), “Distinctiveness,” in this chapter.

4 *Consumer’s Distributing Co. v. Seiko Time Canada Ltd.*, [1984] 1 S.C.R. 583, 10 D.L.R. (4th) 161 at 173, 175, 183, rev’g (1980), 29 O.R. (2d) 221 (H.C.J.), aff’d (1981), 34 O.R. (2d) 481 (C.A.) [*Seiko*].

5 *Lin Trading Co. v. CBM Kabushiki Kaisha*, [1987] 2 F.C. 352 at 357 (T.D.), aff’d on other grounds (1988), [1989] 1 F.C. 620 (C.A.) [*Lin*].

whatsoever to ban the parallel import of genuinely branded goods,⁶ an activity the Supreme Court previously legitimated at common law⁷ and one that the *Trade-marks Act* does not expressly prohibit.⁸

In fact, the *Trade-marks Act* does not, any more than the common law, set out "to prevent unfair competition and the misappropriation of intellectual property." The one explicit provision in the *Act* that did that was ruled unconstitutional by the Supreme Court in 1976.⁹ Instead, the *Act* presupposes that effective national trade and commerce based largely on private enterprise depends on the regulation of a number of specific practices. Just as competition itself requires the balancing of interests between and among competitors and the public, so does an *Act* that regulates defined practices relating to branding. The Supreme Court said all this a half century ago when speaking of the *Act's* predecessor (then grandly called the *Unfair Competition Act*). General Motors complained that another firm was using FROZENAIRE for the refrigerator it was selling and that buyers would confuse this brand of product for GM's FRIGIDAIRE. The Court said that "in fixing the limits of legislative protection the courts must balance the conflicting interests and avoid placing legitimate competition at an undue disadvantage in relation to language that is common to all."¹⁰ GM's attempts to warn off the entire refrigerator trade from using any mark with a similar connotation to FRIGIDAIRE were also pointedly rebuffed: GM evidently "deems itself to have the equivalent of a copyright in the word mark and in each component; but that is not so; the trade mark monopoly is to protect the business of . . . [General Motors], not a proprietorship of the word itself."¹¹

The same approach applies to today's *Trade-marks Act*, enacted just four years after the FRIGIDAIRE decision. The question, "What kind and degree of protection should be extended in this situation?" is not answered by overblown sentiments about "unfair competition" and misappropriation of "intellectual property." Protection both at common law and under the *Trade-marks Act* requires a careful balancing of com-

6 *Mattel Canada Ltd. v. GTS Acquisitions Ltd.* (1989), [1990] 1 F.C. 462 (T.D.) [Mattel], disapproved in *Smith & Nephew Inc. v. Glen Oak Inc.* (1996), 68 C.P.R. (3d) 153 (Fed. C.A.) [Smith & Nephew].

7 *Seiko*, above note 4.

8 This tendency was recently partly checked in *Smith & Nephew*, above note 6, denying the power of a registered trade-mark owner or licensee to halt parallel imports. See section G(2), "Imports," in this chapter.

9 *MacDonald v. Vapor Canada Ltd.* (1976), [1977] 2 S.C.R. 134 on s. 7(e) of the *T Act*, above note 1.

10 *General Motors Corp. v. Bellows*, [1949] S.C.R. 678 at 688 [Bellows].

11 *Ibid.* at 689.

peting interests, including the public's interests in free trade and discourse. Throwing "property" in the scales does not, as the Supreme Court pointed out in the *FRIGIDAIRE* case, help this process; indeed, it can wrongly skew it.

1) Contours of Trade-mark Law

Trade-marks exist to identify the trade source of products and services to potential customers. *IVORY* identifies a particular soap coming from a particular maker, although few buyers may know or even care who the maker is; when buying *IVORY* soap they are assumed simply to want assurance that its trade source is the same — or is controlled by the same entity — as before. Similarly, if they see a dishwashing liquid branded *IVORY*, they may assume it comes from the same trade source as *IVORY* soap and may wish to buy it because of their good experience with the soap.

Although this is the reductionist psychological model on which trade-mark law is built, in reality a trade-mark is more than the model implies. Not only does it provide the often visual equivalent of a sound-bite but it actually sells goods. Advertisers spend much money associating their marks with imagery designed to encourage impulse buying. Before seeing a *COKE* dispenser, one may not have been thirsty; but the sight of the mark actually arouses thirst and the host of satisfying imagery created by saturation advertising of the mark. Buying and using the product temporarily satisfies the craving — until one sees the mark again. Indeed, to consume *COKE* may really be to consume that mark rather than the drink. The mark serves to validate its consumer's position in society as a member of a privileged class: one who can afford the lifestyle the mark has come to symbolize.

The law of trade-marks and trade-names protects investment in these brand and corporate identities. Any enterprise that deliberately or unintentionally attracts custom by using a similar mark or name used by another firm may commit passing-off — a common law and statutory wrong¹² — and can be sued by the firm whose reputation has been ridden on. The firm may also register its trade-mark under the *Act* and can stop others from adopting similar marks for their product or service. A registration can last as long as the trade-mark — potentially forever —

12 *T Act*, above note 1, ss. 7(b)–(c). For differences between the statutory and common law actions, see W.L. Hayhurst, "What Is a Trade-mark? The Development of Trade-mark Law" in G.F. Henderson, ed., *Trade-marks Law of Canada* (Toronto: Carswell, 1993) 27 at 39–40.

but renewal fees (now \$300) must be paid every fifteen years or the registration is expunged.¹³ Registration gives additional benefits — for example, stronger nationwide protection and the option of using the federal court, with its greater intellectual property expertise and shorter backlogs. Unregistrable identifiers (e.g., scents) or even invalidly registered marks may still be protected at common law against passing-off. Registered and unregistered trade-marks therefore share a symbiotic relationship. The *Act* is set against and assumes an established regime of common and civil law protection for trade-marks and trade-names.

Trade-mark and trade-name laws are essentially facilitating. They allow firms to adopt and promote virtually any names, symbols, or designs — words like *IVORY*, designs like the crown for *ROLEX* watches, even colours like pink for a brand of insulation — as trade-marks for their products or services. Whether the degree of protection the law extends to trade-marks is warranted is another question. One may ask, for instance, why the aura deliberately created around many trade-marks should be legally supported through bans on unflattering allusions or connections. Defaming a person and defaming a thing are not moral or legal equivalents, however much trade-mark owners try to anthropomorphize their symbols. Seemingly trivial questions raise fundamental issues. For example, can *ROLLS-ROYCE* really not be used on any product at all (chicken feed?) without the car maker's consent? Should advertising like "the Rolls-Royce of chicken feed (or condoms)" or "as good as a *ROLLS*" really not be allowed? How far can a mark owner control brand use and perception where nobody is confused or misled? What is wrong with "free-riding" or implicitly debunking business symbols? Is it like flag desecration? Should the law concern itself with snob values or other irrational associations deliberately infused into some marks?¹⁴ Trade-mark law pretends consistency with free speech and trade values, but is antithetical to them more often than is usually admitted. Some of these conflicts are noted in the discussion below.

2) Differences between Common Law and Statutory Protection

Trade-marks and trade-names are reasonably well protected at common law mainly through the passing-off action. There are, nevertheless, differences between passing-off protection and trade-mark registration

¹³ *T Act*, *ibid.*, s. 46.

¹⁴ See section G(3), "Dilution," in this chapter.

that make the latter advisable for most businesses that take their names and marks seriously.

Passing-off aims primarily to prevent the disruption of economic relations by misrepresentation. So proof is required of

- a reputation or goodwill acquired by the plaintiff in its business, name, mark, or other trading symbol;
- a misrepresentation by the defendant causing deception or confusion between the two enterprises;
- actual or likely damage to the plaintiff; and
- no reason of public policy to withhold a remedy.¹⁵

Registration, by contrast, aims to make trade symbols more like commodities and so increases both their intrinsic and their exchange value. A broad comparison of registration and passing-off protection reveals the following:

- Passing-off usually requires a symbol both to be used and to have gained a market reputation before protection can be claimed. By contrast, an application to register a mark can be filed well before use. Use must still be proved before registration, but no market reputation need normally be shown to derive from the use.
- Passing-off will protect a symbol only in the locality of its reputation. By contrast, a registration is usually Canada-wide. It can also be used as the basis for corresponding applications for similar protection in most other countries in the world.
- Passing-off requires proof that a defendant misrepresented its products, service, or business as, or connected with, the plaintiff's. It also requires proof of consequential injury to the claimant's relations with those who do business with it (i.e., its "goodwill").¹⁶ A registration, by contrast, may protect the mark for the whole range of goods or services for which it is registered, without proof of damage. The registrant can also stop the use of different, but confusingly similar, marks for different businesses, even if the defendant prominently disclaims any connection between the two businesses.
- Passing-off requires the plaintiff to prove the existence and extent of its reputation each time an action is brought. By contrast, a registration is, until expunged, presumed valid for Canada for all the wares

15 *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120; *Erven Warnink BV v. J. Townsend & Sons (Hull) Ltd.*, [1979] A.C. 731 at 748 (H.L.).

16 *Quia timet* relief is available to nip any proposed course of objectionable conduct in the bud.

and services for which it is registered. Protection continues, though the mark is little used or known.

- Passing-off does not prevent a mark's image from being diluted or tarnished. A misrepresentation of trade source must first still be shown, although this concept is sometimes stretched to breaking point. By contrast, a registration (controversially) directly protects a mark from any depreciation of its goodwill, even without any misrepresentation.¹⁷

Passing-off and registration can, nevertheless, work in tandem. Passing-off may still succeed where the plaintiff's registration is invalid. It is broader in some respects and more instantly adaptable to new situations than is the *Act*. For example, passing-off can also protect non-profit and public activity. Charities and even political candidates and parties — all dependent on reputation, public goodwill, and contributions — may be brought within the principle of protecting economic relations from injury or from misrepresentation.¹⁸ The *Act* extends into the public and non-profit sector, but its presence there is more controversial. There are linguistic constraints on how far statutory construction can push the *Act* in new directions. There are also constitutional constraints. Too broad a reading of the *Act* may push a provision outside the "Trade and Commerce" power that underpins federal authority in this area.¹⁹

Other contrasts between passing-off and registration will be noted as the discussion proceeds. First, the process and requirements of registration are considered.

3) Applying for a Trade-mark

Before applying to register a trade-mark, one must first devise one. There are plenty of pitfalls. Descriptive, misdescriptive, generic words, names of people, and marks or symbols used by other enterprises or institutions should all be avoided. An arbitrary word — say, ELEPHANT for soap, rather than SUDSY — is often better, although SUDSY can grow to be a trade-mark if sales are big and enough money is spent promoting the brand.

After selection, it is usual to search the trade-marks register and corporations and business names registries and to get a preliminary report on what marks or names may conflict with the proposed mark. For ELEPHANT applied to soap, the search might include homophones or near

17 See section G(3), "Dilution," in this chapter.

18 Compare *Polsinelli v. Marzilli* (1987), 61 O.R. (2d) 799 (Div. Ct.).

19 See section B(5), "Constitutional Problems," in chapter 1.