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INTELLECTUAL PROPERTY LAW

Canada - Dead Patents Walking - Patent Formalities and Duty of Good Faith

July 7th, 2010

Overview

- Framework under the *Patent Act*
- Authorized Correspondents
- Lack of Good Faith
 - Section 29 Requisitions
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- False and Misleading Petition, Specification or Drawings
- Entitlement to Apply for and be Granted a Patent
 - *Patent Act* versus *Patent Rules*
 - Assignments
 - Upcoming changes to *Patent Rules*

Framework under the *Patent Act*

Commissioner may grant patents

27. (1) The Commissioner shall grant a patent [...] to the inventor or the inventor's legal representative if an application for the patent in Canada is filed in accordance with this Act and all other requirements for the issuance of a patent under this Act are met.

Assignee or personal representatives

49. (1) A patent may be granted to any person to whom an inventor [...] has assigned in writing...

Framework under the *Patent Act*

Definitions under s. 2 of the *Patent Act*

- “applicant” includes an inventor and the legal representatives of an applicant or inventor
- “legal representatives” includes heirs, executors, administrators, guardians, curators, tutors, assigns and all other persons claiming through or under applicants for patents and patentees of inventions
- “patentee” means the person for the time being entitled to the benefit of a patent

Framework under the *Patent Act*

- In 1989 and 1996 – substantial changes introduced in our patent regime
 - First to Invent to First to File (1989)
 - *Patent Rules* that provided Commissioner of Patents with lots of discretion were repealed and replaced with new set of more prescriptive rules (1996)
- Commissioner retained broad power to delegate its jurisdiction
- Commissioner's discretion is more limited (e.g. to grant extensions of time)

Framework under the *Patent Act*

- Federal Court and patent bar have been clarifying the extent of the prescriptive nature of the post-1996 patent regime and consequences that flow there from since about 8 years ago (*Dutch Industries* case re: payment of maintenance fees)
- Where the *Patent Act* and *Patent Rules* are prescriptive, no discretion is permitted on the part of the Commissioner and his/her delegates and the consequences for not following the prescribed requirements, even for formalities, can lead to the retroactive irrevocable abandonment of patent rights

Framework under the *Patent Act*

Engagement of the Canadian patent regime at time of filing directly into Canada or upon National Entry from a PCT application

- Commissioner's discretion regarding the formalities to secure a filing date is limited

Post-filing Formalities and Prosecution

- Commissioner's primary discretionary power is on level of what can be requisitioned

Post-allowance and Grant

- Commissioner's discretion regarding amendments to an application, patent, or the official record is limited

Framework under the *Patent Act*

Maintenance

- small/large entity
- section 8 corrections

Reinstatement (section 73) is prescriptive under current *Patent Act*

- Must request reinstatement
- Must pay prescribed fees for reinstatement
- Must do that which should have done to comply with *Patent Act* or *Patent Rules*

Under the Pre-October 1, 1989 *Patent Act* reinstatement relied on discretion of the Commissioner

Authorized Correspondent

Section 6(1) *Patent Rules*

- In prosecuting and maintaining a patent application, only an “authorized correspondent” can communicate with the Patent Office

Section 2 *Patent Rules*

- Authorized Correspondent (for applicants other than inventors residing in Canada):
 - Patent agent (registered in Canada and appointed)
 - Associate patent agent (appointed)

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INTELLECTUAL PROPERTY LAW

What happens if an “unauthorized correspondent” communicates with Patent Office?

Sarnoff Corp. v. Canada

- 2008 FC Decision
- Maintenance fees paid on time & acknowledged by Patent Office
- No evidence of filing Appointment of Agent
- Patent Office deemed to have acted “unreasonably”
- Patent Office reinstated patent application

Unicrop Corp. v. Canada

- 2010 FC Decision
- Maintenance fee not paid by Agent of Record
- No Appointment of Agent submitted
- Patent Office refused fee - not “authorized correspondent”
- FC refused to reinstate patent application - patent irrevocably abandoned

Lack of Good Faith

Section 29 Requisitions

- Section 29 of the *Patent Rules* – Limited duty to disclose
- Paragraph 73(1)(a) of the *Patent Act* provides:
 - An application for a patent in Canada shall be deemed to be abandoned if the applicant does not (a) reply in good faith to any requisition made by an examiner in connection with an examination, within six months after the requisition is made or within any shorter period established by the Commissioner
- Federal Court has held that a failure to respond to a Section 29 requisition results in abandonment in accordance with paragraph 73(1)(a) (*DBC Marine* case)

Lack of Good Faith Section 30 Requisitions

- Since 1996, there is an obligation to reply in good faith to any Requisition by an examiner pursuant to paragraph 73(1)(a) of the *Patent Act*
- Applicant “must [make a] full, frank and fair disclosure” and “it is not harsh or unreasonable, if the disclosure is found to lack good faith, that the Court deems the application and thus the patent, to have been abandoned” (*G.D. Searle & Co. and Pfizer Canada Inc. v. Novopharm*)

Lack of Good Faith

Section 30 Requisitions

- Prosecution of patent application akin to an *ex parte* court proceeding where a duty to ensure that the Court is apprised of all relevant facts is imposed
- Lack of good faith from recent caselaw:
 - Applicant's failure to bring to the attention of the examiner an article it had published that was inconsistent with its prosecution arguments (*G.D. Searle*)
 - Misrepresented teachings of the prior art as a whole in response to obviousness objection (*Lundbeck Canada Inc. v. Ratiopharm Inc.* – under appeal)

Lack of Good Faith

Section 30 Requisitions

- No discussion of the role of intent to deceive nor assessment on whether applicants have engaged in bad faith
- In concentrating purely on the fact of the failure and not the intentions, it appears that the Federal Court essentially imposing absolute liability on a patent applicant's failure to fully, frankly, and fairly disclose all relevant information

Lack of Good Faith Section 30 Requisitions

- Arguably duty of “good faith” in Canada stricter than duty of candour in the United States for examiner requisitions
- Best practice – docket every response to Requisition for review prior to end of one year reinstatement period

False and Misleading Petition, Specification or Drawings

- Section 53(1) of the *Patent Act* provides:

A patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and the omission or addition is wilfully made for the purpose of misleading

False and Misleading Petition, Specification or Drawings

- Case law unsettled as to whether wilfulness is, or is not, a requirement in all circumstances under s. 53(1), i.e. whether or not it applies to first prong of the test dealing with material allegations in the petition
- Supreme Court of Canada, *in obiter*, has indicated in respect of a failure to add relevant inventors that “materiality is irrelevant unless there is evidence that the omission to name an inventor was willfully made for the purpose of misleading” (*Apotex v. Glaxo-Wellcome*)

False and Misleading Petition, Specification or Drawings

- However, recent Federal Court case has indicated that the weight of the authority suggests that the focus is on materiality:

“While wilfullness may add colour to the misstatement [...], even an untrue statement made with something less than a purpose to mislead, will void a patent if it is material” (*Weatherford Canada Ltd. v. Corlac Inc.*)

False and Misleading Petition, Specification or Drawings

- Caselaw with respect to what is “material allegation” is evolving. *Weatherford* case has established that:
 - What is material is fact specific and must be considered as of the time of issuance of the patent
 - Misstatement must be material to the “public” and in a practical sense material to the Commissioner of Patents. The question is whether the misstatement made a difference to the issuance of the patent – the rights contained therein

False and Misleading Petition, Specification or Drawings

- Reluctance of Courts to invalidate a patent based on a failure to name an inventor
- Recent decision challenges boundaries of the evidence required to meet the requirements of s. 53 based on the second prong, *i.e.* certain omissions and additions in the specification (*Ratiopharm v. Pfizer*)
- *Ratiopharm* is with reference to decisions made by patent drafter (not inventor) regarding characterization of invention and relevant data

Entitlement to Apply for and be Granted a Patent

Patent Act versus Patent Rules

- *Patent Rules* do not appear to require the registration of assignments from inventors to original applicant
- Inconsistencies between provisions of the *Patent Act* and *Patent Rules* with respect to assignments
- In 2007, section 37 of the *Patent Rules* which required the submission of assignments to establish entitlement was repealed

Entitlement to Apply for and be Granted a Patent

Patent Applications Assignable

49. (2) [W]here the applicant has either before or after filing the application assigned in writing [...] his property or interest in the invention, the assignee may register the assignment

Patents Assignable

50. (1) Every patent issued for an invention is assignable in law, either as to the whole interest or as to any part thereof, by an instrument in writing.

Registration

Every assignment shall be registered in the Patent Office in the manner prescribed.

Entitlement to Apply for and be Granted a Patent

When assignment void

51. Every assignment affecting a patent for invention, whether it is one referred to in section 49 or 50, is void against any subsequent assignee, unless the assignment is registered as prescribed by those sections, before the registration of the instrument under which the subsequent assignee claims.

Entitlement to Apply for and be Granted a Patent

- Recommend that applicants record all chain-of-title documents to ensure that the complete chain-of-title is reflected on the record
 - Standing
 - Damages and Reasonable Compensation
 - Validity

Assignments

Requirements for Registration:

- In order to be registered at the Patent Office, assignments in respect of pending applications and issued patents must be executed in accordance with the subsections 49(3) or 50(3) of the *Patent Act*, which require that one of two elements be met:
 - A) The assignment must be accompanied by an affidavit of a subscribing witness; or
 - B) Other proof to the satisfaction of the Commissioner must establish that an assignment has been signed and executed by the assignor (if in respect of a pending application), or by the assignor and every party thereto (if in respect of an issued patent)

Assignments

Requirements for Registration:

- The Patent Office practice has been to accept and record assignments falling short of the requirements under the *Act*. Such acceptance is not, however, determinative of whether legal requirements have been met under the *Act*

Assignments

- Proof to the Satisfaction of the Commissioner:
 - The *Act* provides discretion to the Commissioner but the Commissioner must be judicious in her assessment of “proof” and may not simply rubber stamp any alternative “proof” supplied by an applicant/patentee
 - “Proof” should be similar in nature to the prescribed requirement of an affidavit of a subscribing witness since legislation is presumed to have an effect and not be self contradicting. Should be something more than a mere signature of an assignor and witness

Assignments

- Failing to Properly Register Chain of Title:
 - Challenge to assignee's standing to initiate or otherwise engage in infringement proceedings
 - Liability/damages from infringement may only be assessable as of the date of proper registration of chain of title
 - Failure to have a complete chain of title registered at the Patent Office may also impact the ability to claim equitable remedies, such as an accounting of profits
 - There remains a risk that improper registration of assignments could lead to the invalidation of a patent

Upcoming Changes to the *Patent Rules*

Current Rules (since June 2, 2007)

- Applicants in Canada must establish entitlement by filing a declaration identifying prescribed bases of entitlement
- Entitlement must be established as of the effective Canadian filing date, rather than the national phase entry date for the Canadian application
- The filing of a declaration is a “completion requirement” which means that there is a limited time to comply with the requirement before an additional fee is incurred

Upcoming Changes to the *Patent Rules*

New Rules (as of October 1, 2010)

- Declarations of Entitlement no longer required
- Instead, an applicant who is not the inventor must now submit a statement to the effect that the applicant is the “legal representative” of the inventor
- “Legal Representative” defined in s. 2 of the *Act* includes “heirs, executors, administrators, guardians, curators, tutors, assigns and all other persons claiming through or under applicants”

Upcoming Changes to the *Patent Rules*

New Rules (as of October 1, 2010)

- Declaration of Legal Representative not a completion requirement
- If requirements not complied with at filing, CIPO will issue a Requisition to do so before the later of 3 months from date of Requisition and 12 months after filing date of application
- PCT applicants can file either a Declaration of Legal Representative or a Declaration under Rule 4.17 of the Regulations under the PCT

Upcoming Changes to the *Patent Rules*

New Rules (as of October 1, 2010)

- Transitional provisions provide applicants filing directly in Canada (not PCT applicants) prior to October 1, 2010 the option of choosing to follow new rules
- Applicants filing applications on or after July 1, 2010 and having difficulties gathering information/documentation to prepare DoE may wish to defer the submission of entitlement evidence until after new rules are in force
- Still important to register assignments as soon as possible and, preferably, no later than payment of final fee

Conclusions

- Counsel can no longer rely to any meaningful extent on the presumption of validity
 - Just because an application has issued to patent does not mean that the resulting patent can not be invalidated based on formality/prosecution related issues
 - Patent Office practice has fallen outside prescribed jurisdiction or exercised discretion unreasonably under *Patent Act* and *Rules*

Conclusions

- Increased due diligence is required regarding both the formality and substantive evaluation stages of applications/patent(s)
- Assess for flaws that might have occurred during prosecution within year of having filed a response to an office action or other requisition by an examiner
- Options to reinforce or “mend” the record:
 - Precautionary reinstatement
 - Judicial review

Thank You

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